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The Nation's Business

Facing Today's Defense Facts

One thing about which Parliament was strangely silent was the extent of Canada-U. S. defense preparations. In answer to a question in the House, the Prime Minister said that this was something not even a secret session of Parliament could discuss.

Why should this be so?

Already important American papers such as the New York Herald-Tribune are insisting that the hour has come for a "treaty of national defense." Writing in the current issue of Maclean's Magazine, Bruce Hutchison of Vancouver outlines the problem clearly and convincingly.

"The old after-dinner talk of hands-across-the-border, the easy-going neighborliness and ignorance of each other, are not adequate now. Much larger decisions, much more definite arrangements, military and economic lie ahead of us . . . some arrangement must be and will be made. Both nations will insist on it."

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Unofficial enquiries at Ottawa disclose two reasons why so little has been done, why there is so much pussyfooting.

One of these is "political considerations."

Another reason is that the primary interest of our technical defense advisers still centres on Europe and the British Isles. Many of our military minds, it is said, have not as yet faced the new and catastrophic possibilities of a situation where Canada—not Britain—would become the first line of defense against the Nazi juggernaut.

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Next to the Battle of Britain itself, no question is of greater concern to Canada than the extent and nature of common defense plans with the United States.

Why then do we lack a clear-cut, forthright policy?

Surely we do not need to wait until after the U. S. elections—a matter of three or four months?

Surely the Canadian people are ready and willing to accept without question the implications of the present world situation?

Surely the recent changes in the Department of Defense, have brought to the top men fully seized with the importance of a Canada-U. S. understanding?

In recent weeks Canada has made substantial gains in facing the fact of "total" war. It would be encouraging to hear evidence that in this vital matter of Canada - U. S. defense policy equally rapid progress and results have been achieved.

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Businessman Chester Gets Key Post

The appointment last week of a civilian businessman — Phillip A. Chester—as acting Master-General of Ordnance in the Department of National Defense is of very considerable significance.

Back in the last war, Sir Sam Hughes did something similar by appointing George Murphy of the Ottawa Forwarding Co. as Quarter-Master General. Sir Sam found that the men were not being properly fed at Valcartier. The "brass hats," unaccustomed to feeding men in the mass, were bungling their job. He commandeered Mr. Murphy who had been feeding lumberjacks all his life and within a few hours had him down at the camp revolutionizing the old army routine.

Now Col. Ralston has found a similar problem in the ordnance branch.

The "brass hats" have not shown themselves equal to solving the vast complex equipment and supply problems of a modern mechanical army. At the insistence of men who have been studying defense department problems at first hand, youthful Phillip Chester has been co-opted to serve, not in an advisory or liaison capacity, but in full charge of the huge and vital business of army ordnance.

* * *

Since he took charge of the North American properties of Hudson's Bay Co. ten years ago, Mr. Chester has achieved a reputation as a vigorous, successful merchandising executive. Because of extreme modesty he is little known outside his community and his company. But his achievements have been none the less convincing to those who have worked and lived with him.

There is no doubt that Mr. Chester will find plenty of latent technical ability to aid him in his new job. Canada's permanent force is not lacking in men of knowledge and initiative. But under the slow, laborious workings of the seniority system these men have not found it easy to make their voices and influence felt.

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Mr. Chester will remain a civilian, but he will have ample authority to see that these men be given a chance. He will be responsible for seeing that obsolete specifications that are a

(Continued on page 2, col. 2)

War Costs Now 45% Total

But Expenditures Still Considerably Below Forecast of the War Budget

The magnitude of Canada's war expenditure is beginning to show in the statement of receipts and disbursements of the Dominion Treasury.

While the total is mounting, it is not yet as the level forecast for the current fiscal year as a whole. Total expenditure for war and defense for the first four months of the year is $112.9 millions, a monthly average of $28.2 millions. If the Dominion is to spend the $700 millions allocated for war purposes, the monthly average over the entire year will have to be in excess of $58 millions. This would indicate the current expenditure is not proceeding at the pace required if the war programme is to be fulfilled.

In the four months to July 31, expenditure on defense and war has risen to $112.9 millions from $10.2 millions in the corresponding period last year. In these four months expenditure for war purposes was 45% of total expenditure on ordinary, capital, Government enterprises, war, etc.

All Revenue Higher

In July revenue increased by $20.1 millions, but expenditure increased only by $18.2 millions, which cut the excess of expenditure over revenue to $21.5 millions from $23.4 millions in July, 1939.

Every source of revenue showed an increase in July over the same month last year, as did figures for the four months period, compared with the same time last year.

Results of economy are beginning to appear in ordinary expenditure. In July expenditure on ordinary account was down $6.2 millions.

Revenue for 1940-41 is budgeted at $760 millions. For one third of the year, total revenue has reached $274.8 millions. There is little value in converting this into a comparison with one third of the revenue budgeted, for income tax collections in the first part of the year are highly variable. It is evident, however, that collections are proceeding well. With this factor and continued expansion of revenue, it is probable that the budget estimate of revenue will not be far off the mark.

Rail Deficits Cut

The most notable feature this year has been the relief from the railway burden. In July no provision was made for Government enterprise deficits. In the same month last year this allowance was more than $10 millions. The cost has been cut to

(Continued on page 2, col. 4)

C. G. E. Nets Big Volume

Benefits From Industrial Expansion and General Demand

Volume of orders to Canadian General Electric Co. for all types of electrical apparatus is substantially above this time last year, The Financial Post learns.

New plants are being constructed in many Canadian centres in connection with the manufacture of war materials. All of these require large amounts of electrical equipment.

Machine tools are being installed as fast as they can be made and each requires one or more electric motors. Control mechanism is necessary. Canadian General Electric has been able to obtain a good share of the business offered.

Power Demand Rises

Demand for electric power has been rising to new peaks in recent months. The utilities producing the power have had to develop, or make plans for, additional generating capacity. This is also a factor in keeping the electric apparatus manufacturers busy.

Large projects such as those under way for Aluminium Ltd., Consolidated Mining & Smelters, Hudson Bay Mining and many others, not only require electric equipment for the plants themselves

(Continued on page 2, col. 1)

Giant Short-Wave Unit For CBC?

From Our Own Correspondent

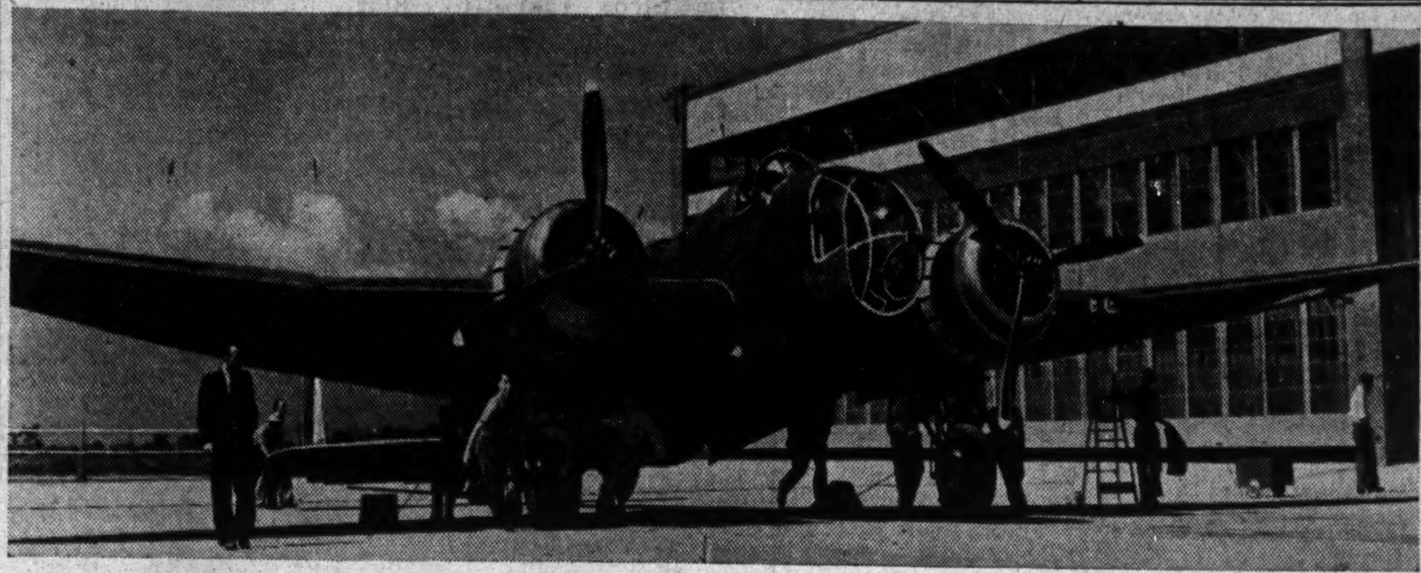
OTTAWA.—It is understood the Federal Cabinet has approved the purchase of a 50,000-watt short-wave broadcasting unit for Canada.

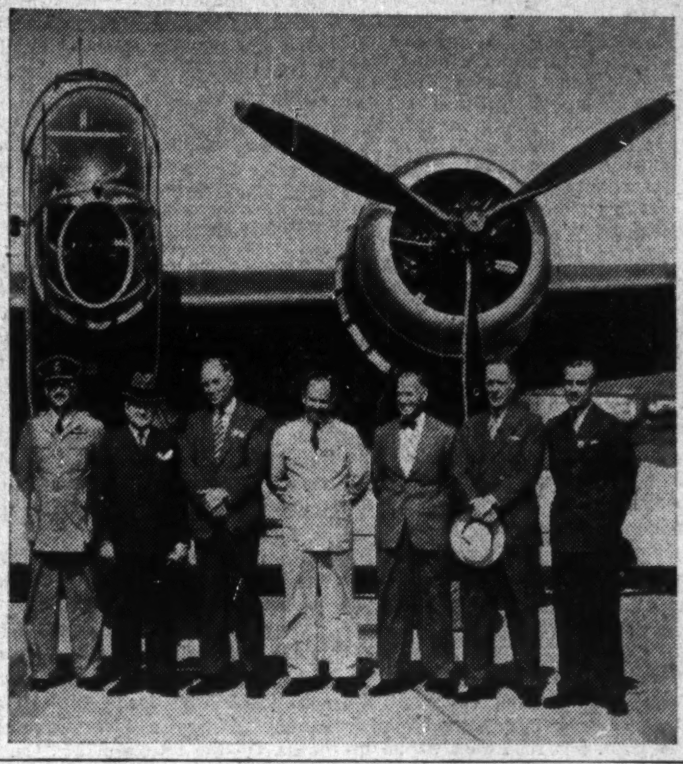
The unit is one that was ordered for a South American republic, but is now available on very favorable terms.

Canada has an option on the unit. Siam is also trying to purchase it. It was manufactured by R. C. A. and is at present at Camden, N.J.

Only a few days ago the senate committee on war co-operation brought to the Government a strongly worded recommendation that this set be purchased and that Canada proceed to establish a short-wave station without delay.

The Financial Post and other newspapers have long urged that such action be taken as a vital contribution to the war effort.





CANADA'S FIRST BIG BOMBER

After about two years organization and preliminary work the first Canadian-made Hampden bomber has had its test flight at Montreal. This large craft, understood to cost some $200,000, was built by Canadian Associated Aircraft, Ltd., for the British Government. Among executives who witnessed the flight (lower photo) are, left to right: Group Captain C. M. McEwen, M.C., D.F.C.; S. H. Logan, president, Canadian Bank of Commerce, Canadian Advisory Committee, British Air Ministry; R. J. Magor, president, National Steel Car; Redmond Quain, president, Ottawa Car & Aircraft Co.; Victor M. Drury, president, Canadian Car & Foundry Co.; Paul F. Sise, president, Canadian Associated Aircraft, Ltd.; H. M. Pasmore, president, Fairchild Aircraft Co.

Abitibi Sale Fight Breaks Out Anew

D. H. Gibson Again Protests Against Pending Foreclosure

With judicial sale of Abitibi Power & Paper Co. assets slated within two months, shareholders' spokesmen are pressing with renewed vigor their fight for recognition of their equity interests.

In a strongly phrased statement to The Financial Post, D. H. Gibson, chairman of the Preferred Shareholders' Protective Committee, makes an intensified protest against the bondholders' move to take over the company's properties. He appeals bluntly to the bondholders' group to "face the issue," and to the Ontario Government to implement its declaration that the forced sale is against public interest.

Mr. Gibson contends that claim of shareholders for recognition in any reorganization of the company is even stronger now than when original plans were advanced by bondholders several years ago. At that time, he argues, the value and earning power of the company properties were much less than at present.

"Preferred shareholders stand aghast that it is possible for one select group to acquire this fine property through a forced sale," Mr. Gibson declares. "The fate of our capitalistic system is put under a severe strain when certain groups of men exercise their power to disregard the rights of minorities."

Mr. Gibson believes the present situation and events of the past few years should be surveyed "in view of the rising tide of bitterness and bewilderment in connection with the notice of public auction sale of

(Continued on page 2, col. 2)

Highlights OF THIS ISSUE

Revealing creation of two new Government-owned companies, to operate in the field of small arms and research, a penetrating survey by The Financial Post tells for the first time in detail why all seven companies were formed and how they are increasing the speed and efficiency of Canada's industrial war effort.

Govt. War Companies—p. 9.

* * *

War demands on construction have boosted building volume nearly 50% above last year, and the 1940 total may be the highest in 10 years. What is causing the sharp upturn and its effect on the principal building and supply companies, are analyzed in a staff survey.

War Boosts Building—p. 9.
Boom Aids Suppliers—p. 15.

Ills of municipal administration in Canada are diagnosed and the remedies outlined in the report of the Rowell-Sirois Commission. The report's findings in this important field of Government, and their significance in light of present conditions, are appraised by a staff writer.

Diagnosis of Municipal—p. 16.

* * *

Balance sheet analysis of principal Canadian industrial, an exclusive weekly feature in The Financial Post, is continued with survey of food product companies.

Balance Sheets of Business—p. 11.

* * *

General Index on p. 2.

To Buy Six New Skyliners For Trans-Canada Fleet

From Our Own Correspondent

OTTAWA. — Decision has been made to purchase six new Lockheed Lodestar planes for Trans-Canada Airlines, The Financial Post is informed.

It has also been agreed that D. B. Colyer, vice-president in charge of operations, will remain as chief executive officer of the company for another year.

Mr. Colyer assumed office on Sept. 1, 1939, following the resignation of Philip G. Johnson, who returned to the United States after seeing T.C.A. through its first two years of operation. His contract has now been extended for another year.

Mr. Colyer was one of a small group of experts which Mr. Johnson brought with him to Canada when he came here to organize T.C.A. at the personal request of Hon. C. D. Howe. He was formerly vice-president of operations with the Boeing Air Transport Inc. and also held a similar position with United Airlines Corp. Prior to that he was general superintendent of the U. S. air-mail services.

The Lockheed Lodestar planes which are to be purchased are larger than the planes now in service. They are not as large, however, as the big four-engine "stratosphere" planes (such as the Lockheed Excaliber) which are now being introduced into U. S. transcontinental services.

If Canada were not at war, it is altogether likely that T.C.A. would now be placing orders for a fleet of these big new stratosphere planes to be available in the spring of 1942, when present equipment will be fully depreciated.

By the summer of 1941 all the main U. S. airlines with which T.C.A. competes will be using the big sleeper planes. But because of war exigencies it has been decided that Canada should not commit herself to a programme of this magnitude.

The Lockheed "Lodestar" is known as Model 18, is the same height and span as the present Lockheed "14," but is 5 ft. 6 in. longer. It has a longer cabin and will accommodate three more passengers than the "14." Its speed and cruising range are approximately the same as the present machines.

The War And Business . . A Weekly Round-up

Now For Results

The war effort of Canada will shortly enter a new phase.

The emphasis is shifting from a feverish rush to place orders to an intensive effort to see that the rate of production matches the paper plans.

Ottawa's job now is to realize, in results, the gargantuan programme which the Department of Munitions and Supply has outlined in the past few weeks.

The biggest orders have almost all been placed. Many of them are still in the sketchy, blueprint stage. From now on, every energy will be bent to seeing these plans materialize in terms of production—guns, 'planes, tanks, etc.

* * *

One reason for this shift in emphasis is that Canada is nearing, if it has not already reached, the limit of available machine tool supplies. The demands for tools which this country has made on the United States have been tremendous. Apart from the big surplus of tools which were available for Canada and U.K. when France collapsed (tools which were on order for that country and were diverted to us for Britain) our requirements would amount to more than two months' output of the entire U.S. machine industry.

Last week word came back to Ottawa that only a portion of these requests could be met, and that Canada might have to consider some stepping down her requirements (and in turn her production programme) because the tools would simply not be available.

* * *

Another important development of the past week was the placing of a huge British tank and field gun order at Washington. Britain placed a $200 millions order for 4,000 25-ton U.S. cruiser tanks. She also ordered 6,000 U.S. 105-centimetre field guns.

Chief significance of this order is that the British accepted without reservation, the identical tank and gun which are now going to be produced for the U.S. army. The British tank order, incidentally, is for considerably more than twice the number which the U.S. had previously ordered.

And there is a chance that some of these tanks may be made (and possibly used) in Canada. If this happened, then the three countries would be standardizing for the first time in the use and production of an identical weapon.

* * *

Defense Shake-up

Shake-up of the Department of National Defense is nearing, if it has not reached, completion. This week's appointment of P. A. Chester as chief of ordnance is at least the fourth major change in Canada's general staff since Col. Ralston took over Defense. There have been dozens of appointments all told. Col. Ralston has appointed businessmen as trouble-shooters or advisers (Magee, Currie, Sifton). He kicked high ranking brasshats "upstairs," giving them jobs with big titles and no responsibility. And he has promoted able men to key jobs.

The public has had difficulty in distinguishing between one type of appointment and another. But here are the appointments that, between them, represent the real "shake-up" in the Defense Department:

CRERAR, as chief of the general staff.

BROWNE, as Adjutant-General.

COOPER, as acting Master General of Ordnance.

It is said that these three appointments in themselves comprise something of a revolution in the department; that any further changes will be in junior positions and will follow in logical consequence of the above appointments.

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The Training Scheme

Is it possible to make a soldier in 30 days? No one ever suggested that it could be done. Defense officials have no illusions that the new military training plans under the National Registration scheme will create 300,000 soldiers for Canada.

In any branch of the service the first 30 days represents merely the time required to adjust a man to the simplest routine of army life; to give him a few setting up exercises, some minor parade ground drill and a chance to hold a rifle in his hands. To make a soldier of him would require from six to 12 months additional hard, intensive work.

Realization of such facts has caused some critics to speak of the compulsory training scheme as so much "eyewash." The plan is eyewash in the sense that it will not turn out trained soldiers and that it was introduced partly to satisfy a mounting public clamor that something be done to get more men into uniform.

* * *

But, eyewash or not, officials see important advantages in the plan. In the first place it will establish the principle of compulsory service and do it under conditions which do as little violence as possible to the routine of normal life in Canada.

In the second place, a great many of the men who go in for 30 days training are likely to remain active members of non-permanent militia units and continue until they become fully trained soldiers.

In the third place, the training period will turn up a large number of men suitable for the more technical—and now under-manned—branches of the service.

* * *

This year the men called up will get only two weeks training in camp and will have to take the rest in semi-weekly installments at night with the N. P. A. M. unit to which they will be attached. But next year all groups called up will go into camp for the full 30 days period.

Not decided yet is how men will be called up if it is necessary to increase Canada's active service forces at home (which now number 106,000 men, but which army men think should be increased). Likelihood is that instead of calling up men by age classes the Government will call them up by units.

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The existing militia units are being used to provide the nuclear organization for training companies. Each man will spend his 30 days with an infantry regiment.

There are 91 infantry units in the militia. Little realized, however, is the fact that Canada's various militia units, including signallers, ambulance corps, artillery units, etc.—represent a total of 437 altogether.

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Food Propaganda

Hitler is going out of his way to be "nice" toward Americans. Whaley-Eaton Service of Washington tells why he is so obviously trying to woo American opinion. It is because Hitler wants to make sure of food supplies from the Americas for "starving" Europeans.

Whaley-Eaton suggests that Hitler will propose that Belgian credits now frozen in the U. S. be used to pay for food for the Belgians; and the same with Dutch credits, French credits, etc. If the British refuse to permit food through the blockade, Hitler is likely to refuse to give safe conduct to children evacuated from the war zone.

Food has become an important weapon in this war.

Britain is using the blockade to break down Hitlerism from within. The blockade cannot be effective against Germany unless it is also effective against those in bondage to Germany.

Hitler is also using the weapon of food, to the extent that he can use it, to compel obedience. Germany, it would seem, intends to starve France until Petain is forced to ask the Germans to take over the entire country rather than to allow millions of people to die of hunger.

There may be food enough to keep Germans from starving this winter. But Germans will not share food with other occupied countries; rather will steal their supplies.

Petain has asked Washington for food. Ambassador Cudahy supports the appeal. Propaganda is seeking to arouse American sympathies toward starving Europeans. The blockade will be denounced as inhumane. That the blockade is the only way to save Europe from Nazi barbarism will be glossed over. Also the Nazi food propaganda will also fail to mention that it is because Hitler is moving food out of the occupied areas that the people of these districts are in danger of going hungry.

So far the Nazi "hunger" propaganda, although supported by so influential a figure as Herbert Hoover, has not got across in the States.

Public opinion in the U. S. A. seems, at the moment, to be opposed to shipping food to Nazi-occupied countries. But Washington has indeed a delicate problem on its hands.

Quebec Worried By Power Plan

Both Province and Companies Look Unfavorably on Mooted Plan to Allot Power Supplies Under Ottawa Supervision

By JOHN LANGDON

Eastern Editor, The Financial Post

MONTREAL.—Appointment of a Dominion Power Controller, forecast by reports received here, is unfavorably regarded by both the Quebec Government and the power companies.

The attitude of this province toward centralized control, which would affect only Ontario and Quebec, is that the limited supply of hydro electric energy available must be held for use of Quebec and not Ontario industries.

Any necessary adjustment of supply as between the two provinces, it is contended, is a matter solely for Quebec to settle, as all of Ontario's imports come from this province.

Where it is in the interest of the war effort to provide additional power to Ontario at some future date, the province will co-operate, but the definite feeling now is that Quebec power should be conserved for Quebec industries.

All Power Needed

Rapid expansion of Canada's war effort along the lines of increased production of materials and supplies has converted the oversupply of hydro power of last fall into prospect of demand for all the power supplies available before many months have passed.

The situation at the moment is not serious. But the complete change in the power picture since last fall has brought a realization that the power resources must be husbanded so as to make the greatest use of them in the new demands created by the war.

There is no acute shortage now. There are two power pools left in Quebec, one in the St. Maurice area and the other around Beauharnois. Ontario Hydro can still draw on some 100,000 h.p. under contract from the Quebec operators. But in the short space of 12 months the power situation as between Ontario and Quebec has undergone a radical change. Quebec is in a strong position. Ontario, which once took the unprecedented step of cancelling contracts in fear it had overbought from the Quebec operators, is in a position where it must worry about future supplies.

What once threatened to be a serious surplus of power has turned into a real advantage for the Quebec operators. With power in large quantities to meet requirements of the new industries springing up to take care of Canada's wartime needs Quebec thinks it is well fitted to meet the demand.

Attracts New Industries

Availability of large supplies of hydro-electric energy has been a powerful influence to date on the location of new industries in connection with the war effort. Quebec appreciates this and already steps have been taken to conserve, for use within the province, power resources that may be needed and are not under contract.

A number of the new plants sponsored by the Department of Munitions and Supply have located in Quebec. This trend will continue, at least wherever power is a factor, for the province has laid down a ruling that in effect reserves Quebec power for Quebec industries.

Tightens Power Control

Recently the Public Service Board, which replaced the old Quebec Provincial Electricity Board, informed all power operators in the province that no company can enter into a contract or commitment for the delivery of "motive power" in excess of 500 h.p. to any person without the prior approval of the Board.

This does not mean that Quebec power cannot be exported. But the opinion in power circles here is that further power exports will be curtailed so that any industry requiring a large block of power can be assured of meeting its needs if it locates in Quebec.

Meanwhile the effect of the war on operations of the Quebec power companies can be readily seen from figures released this week by the Board.

For the first five months of 1940 primary energy sold to industrial users in Quebec amounted to over 2,810 million kw.h. This was 22.8% over that for the same period of 1939 and is undoubtedly one of the

(Continued on page 5, col. 4)

Will Soon Name Power Czar

From Our Own Correspondent

OTTAWA. — Appointment of a federal electric power controller is expected shortly, The Financial Post is informed, to co-ordinate and conserve power supplies for war purposes.

At present both Ontario and Quebec have placed power resources under provincial control boards. It is expected that the new controller will co-operate with both these bodies to help meet the enormous forthcoming demand of munitions plants now under construction.

Had the St. Lawrence treaty been signed last winter, as had been hoped in some quarters, it would have provided adequate new power sources for Ontario, both for present and long-term needs. Quebec is now the largest reservoir of power resources. But development of new war projects in recent months has reduced these substantially.

Ottawa Seeks Boss on Rents

Housing Shortage in Key Centres Presses Problem on Government

By STAFF WRITER

OTTAWA.—The Government is looking for someone to tackle the thankless job of rent controller. Complaints have been piling up from certain key cities and towns where war's impact has caused housing congestion and scarcity. Halifax, Trenton, Barrie, Kingston, Ottawa, Parry Sound, St. Thomas, and Bathurst, are points chiefly concerned.

Expert advisers have made a report to the Government. The report merely presents the facts but leans toward approving the idea. It is now up to the Government to recommend definite action.

Most likely plan is that a controller will be appointed and some sort of "standstill" order issued fixing rentals at a certain level. Then local boards or tribunals will be appointed in each locality to decide whether or not individual increases or reductions are justified.

There would be no attempt to administer control in all communities —only in the dozen or more places where special problems exist. Either the landlord or the tenant would have the right to appeal to this local tribunal for relief or aid.

Rental statistics are only prepared half-yearly by Ottawa. The last report covers the situation as at May of this year. It shows that rentals across Canada were only 1½% higher than at the same month a year ago.

But the figures for individual communities show wide variation. In Halifax, for example, the average increase is 7%. Certain types of houses show increases of as much as 20%.

In Kingston, increases ranging from 6% to 35% are reported.

Plan Special Radio News

From Our Own Correspondent

OTTAWA.—Decision on details of a new policy covering radio news in Canada is expected to be made next week by the board of governors of the Canadian Broadcasting Corporation.

Complete survey of radio news has been made by Walter Thompson, former director of public information, at the request of Hon. C. D. Howe, minister in charge of the CBC.

Advance indications point to creation of a complete news service for the national radio system, along the lines of the British Broadcasting Corporation. This would involve organization of a staff of writers and editors for the CBC, using news supplied by the regular services.

Discontinuance of sponsored news on radio stations was announced in Parliament by Mr. Howe June 28. A compromise was worked out on an earlier announcement that the permit of Trans-Radio news service would be cancelled.

Under the proposed new set-up, it is reported, the CBC would subscribe to the Canadian Press, the British United Press and Trans-Radio, editing the news for radio presentation.

Cost of the Canadian Press news service to the CBC, it is understood, has been about $20,000 a year. Under the new system, news will cost the radio system a much higher amount.

C.P.R. Resumes Pref. Dividend

Declares Payment Of 2% on 1940 Earnings. Distribute $2.7 Millions

From Our Own Correspondent

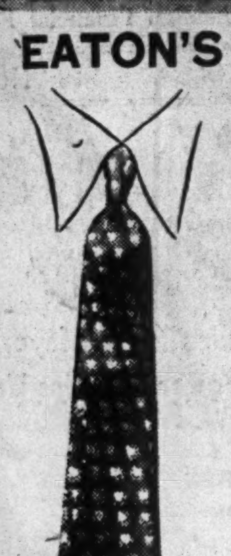
MONTREAL.—Earnings of Canadian Pacific Railway Co. have jumped to pre-depression levels since the outbreak of war. So satisfactory have these results been that directors have deemed it possible to resume dividends on the 4% non-cumulative preference stock after a lapse of two years.

The company has declared a dividend of 2% on the stock, payable Oct. 1 to shareholders of record Sept. 2.

Following is the official announcement issued by directors:

"At a meeting of the board of directors, held here today an interim dividend of 2% on the preference stock in respect of the year 1940 was declared payable, subject to the approval of the Foreign Exchange Control Board, on Oct. 1, 1940, to shareholders of record at 3 p.m. on Sept. 2."

Payment of this dividend will involve $2.7 millions.



Tie-Tips FROM EATON'S

NEW SHIPMENT!

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Just arrived from London, England . . . new patterns in these famed Hugh Parsons ties . . . worn by discriminating gentlemen everywhere. See this grand selection while it's fresh and complete. EATON Price, each

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Main Store—Air-Cooled Main Floor

T. EATON Co LIMITED
TORONTO CANADA

C. G. E. Nets Big Orders

(Continued from page 1)

but also add to the load that the utilities have to meet.

In general merchandise lines, such as household appliances, radios, wiring equipment, etc., demand is also well above that of this time last year for C. G. E., The Financial Post is told. Small radios are selling particularly well in spite of the higher taxation to which this type of goods is now subject.

A substantial amount of building, residential, industrial and other, is also going on in Canada, all adding to the requirements for electrical equipment.

The result is that Canadian General Electric's backlog of orders is well above that of last year. This indicates that a high rate of operations will continue, at least as long as the war lasts and continues to make demands on Canadian industry.

The company's business is almost entirely within Canada. It has little or no interest in export markets.

Large War Orders

Word from Ottawa indicates that very large orders for precision equipment for use with a wide range of artillery have been given to Canadian General Electric. Extensions to the company's Peterborough plant are being undertaken. Cost of new plant, tools and machinery, said to be several millions of dollars, is being financed by the Government.

The order covers a type of material not made in Canada before. Canadian General Electric has had large order in the past for defense purposes. One thing which they have made has been searchlights ordered in 1939 at a cost of $1.9 million.

Last year Canadian General Electric earned $10.88 a share on its common stock. In April this year, the quarterly dividend rate was increased from $1.50 a share to $2 a share. Orders on hand at the beginning of 1940 were considerably above those at the first of 1939.

SCHOOLS AND COLLEGES

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Courses: Preparatory, Collegiate, Commercial
New Fireproof Buildings. Modern Equipment. Spacious Grounds for Athletics.
Registration for Resident Students, Sept. 9th. Moderate rates. Write for prospectus.

BRANKSOME HALL
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Junior and Honour Matriculation—Kindergarten and Junior School—Art—Music—Household Science—Secretarial Course—Swimming Pool—Skiing at School Farm.
School re-opens Sept. 11th
For illustrated calendar write the Principal
MISS EDITH M. READ, M.A.

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Book of Views on request
K. G. B. KETCHUM, B.A. HEADMASTER

The Nation's Business

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hangover from the army manuals of a bygone age are thrown overboard. No longer need industry chafe and fret at being forced to face extravagant costs and unnecessary delay because army specifications are 20 or 30 years out of date.

In the old days "ordnance" was a limited sphere of army routine. Today, almost everything an army needs (apart from food and shelter) comes under control of ordnance. Next to the Chief of General Staff, Mr. Chester's job is therefore one of the most important in Canada.

If he can achieve the same efficiency and success in this job that he has attained in his own business, Col. Ralston and the nation at large will have cause for much thankfulness.

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Collecting Income Tax In Advance

According to the Ralston budget of a few weeks ago, the Government is expecting to raise next year an additional $58 millions of revenue by way of increased personal income taxes.

This is over and above the National Defense Tax. It is in addition to the record income tax levies collected in the spring of this year.

It compares with a total average levy of only $33 millions in the last five years for which figures are available.

Yet how many of those concerned have yet taken the trouble to figure out how much they will have to pay?

How many have made any provision to put aside the moneys which will have to be found to meet this greatly increased sum?

* * *

Some Canadian banks have been offering special facilities to customers to assist them in saving for this tax. Many individual firms have offered to permit salary deductions and to allow a small rate of interest on the minimum monthly balance. Hon. J. L. Ilsley, Minister of Finance has said he would be glad to get some of this money in advance.

But when a government aims to increase a revenue source such as this by almost 100%, wouldn't some more positive measures be good policy?

Why not some form of prepayment scheme which would encourage people to save their money and have it available by April 30?

Perhaps the Government could sell income tax prepayment certificates maturing on April 30 and bearing interest at a nominal rate. Denominations could be say $25, $100, $1,000. The price could be adjusted on the first of the month to bring out the interest charge correctly.

* * *

LaFleche Appointment Condemned

Several leading Canadian newspapers are questioning the Government's wisdom and judgment in appointing Major-General LaFleche as an associate deputy minister in the Department of National War Services.

The Winnipeg Free Press considers the appointment a matter for "astonishment and dismay." It reviews his record in the public service and finds him "unsuited to be a public servant of high rank."

Similarly the Vancouver Sun points out that LaFleche was sent to Paris because he "had lost the confidence of Parliament, of the Government and the public."

It concludes:

> "When a man like General LaFleche has sufficient influence to emerge from under a cloud into one of the key positions in our war effort, the public will feel that the Government is not watching this problem closely enough. If, on the other hand, political influences are at work here, the Government's action is the more to be condemned."

From another western paper, the Edmonton Journal, comes the editorial opinion that in view of his record "there can be no justification for entrusting Major-General LaFleche with the vitally important work to which he has just been assigned."

Why is it that this discredited public servant continues to retain the confidence of Mr. King's administration and to continue to command important and highly-paid positions of public trust?

* * *

Public Information and Inspiration

David B. Rogers, editor of the Regina Leader-Post, has returned to the West. His report on public information facilities at Ottawa is in the hands of the Government.

Hon. James Gardiner, Minister of National War Services to whom he made his report, has issued a brief press statement saying that the Government has decided against centralization of its public information offices. He quotes Mr. Rogers' main conclusion as being:

> "Let the news be released in the regular way while it is news."

* * *

With this conclusion there will be general agreement.

As soon as governmental departments get hidden behind a bureaucratic public publicity organization there are grave dangers that the only news that will get out will be news that is favorable to that department and its personnel. What has been clearly needed at Ottawa for some time has been more direct contacts between government officials and newsmen.

More frank and intimate exchange of views between press representatives on the one hand, and the Prime Minister or a spokesman for his war cabinet, on the other, is long overdue.

* * *

But Mr. Rogers' report dealt only with news as such. There is another side to "information"—namely education and inspiration regarding war aims and the war effort generally.

The Government cannot stop at routine news.

Surely Mr. Rogers and Mr. Gardiner have further recommendations to offer for providing a new inspirational "lift" to Canada's war effort?

* * *

Through the present modest Department of Public Information some most commendable efforts have been made to inform and inspire Canadians about the war. The brilliant "Let's Face the Facts" series may be cited. But Mr. Lash and his associates have admittedly only scratched the surface compared with what might be done in the press, on the radio, on the public platform and through other publicity media, if Canada really took seriously this business of public information and inspiration in time of war.

We should not have to wait until events in Britain force the Government to give this nation the inspirational war leadership it so eagerly desires and so urgently needs. On the return of Mr. Gardiner from western Canada he should, without too much delay, give consideration to expanding the Government's efforts—by press, radio, film and platform—to keep Canadians informed and inspired on objectives and the progress of the war.

Abitibi Sale Fight Breaks Out Anew

(Continued from page 1)

the important properties of the company."

Text of his letter follows:

In 1937 the Bondholders' Representative Committee comprised almost completely the same group of gentlemen as the present committee. After spending large sums of money to obtain first-class engineering reports on the properties, it voluntarily stated that there was a substantial equity in Abitibi Power & Paper Co. available for its shareholders. This was made plain by the offer to the preferred and common shareholders at that time.

Reference to the report of Messrs. Coverdale & Colpitts contained in the committee's official statement of facts (page 44) shows that that firm estimated the "average or sustained earning power of the Abitibi properties, based on present conditions and prospects," at $4,145,000. This report further stated that, in the judgment of this engineering firm, the commercial valuation of the properties should be estimated at 12.5 times earning power after depreciation, but before interest and income taxes.

To the value so arrived at there should be added actual values of inventories or other items of working capital, the common shares of Provincial Paper Co., etc., the report stated.

Valued at $100 Millions

On this basis, with earnings estimated at, say, $7 millions after depreciation, the value would amount to $87.5 millions, to which must be added approximately $14 millions of net working capital and the common shares of Provincial Paper Co., or, in all, a value substantially in excess of $100 millions.

It should be noted, however, that even on the basis of "sustained earning power" estimated by Coverdale & Colpitts, this committee recognized a substantial equity for the shareholders. At that time provision was made for the issuance of $14 millions of prior lien bonds, the necessity for which no longer exists.

Since the preparation of the 1937 plan net current assets have increased by more than $10 millions. In March, 1939, this almost same group of gentlemen, in their Plan of Procedure, declared (page 1): "There appears to be no equity whatever for the junior claimants."

On page 2 they stated that: "It seems evident that the Abitibi assets are not worth the amount of the banded debt and if they are purchased on behalf of assenting bondholders at a sale, the unsecured creditors and shareholders will have no interest in them."

The statements of 1937 and 1939 created an unusual paradox when uttered by practically the same group of gentlemen.

Action Delayed

Even in 1939 definite action toward foreclosure was not taken. It is only in the summer of 1940, with conditions tremendously improved and the company's earnings the highest on their record, that definite action is taken to bring the properties for sale and literally squeeze out all of the unsecured creditors and preferred and common shareholders. This means the sacrificing of more than $35 millions of preferred shares.

It should be noted that earnings are currently in excess of figures used when preferred shares were sold to the public by National City Co. of New York, Royal Securities Corp. of Montreal and Wood, Gundy & Co., at $102 per share and accrued dividend.

J. P. Ripley, a present member of the Bondholders' Protective Committee, was at that time a vice-president of National City Co. of New York, one of the firms offering these shares. H. J. Symington, the present chairman of the Bondholders' Protective Commitee, is now associated with Royal Securities Corp., which also offered these shares to the public in 1928.

The prospectus issued at that time by these firms showed that for fiscal year ended Dec. 31, 1927, earnings available for bond interest and depreciation amounted to $8,507,000. Equity behind preferred shares was shown at more than $100 millions, compared with a total of approximately $35 millions of 6% preferred stock.

Furthermore, it is understood that the company now has no bank loans and has retired all receiver's certificates.

Face the Issue

Let these members of the Bondholders' Protective Committee face the issue.

In 1937 they furnished investors with a forecast of earnings and a general basis of valuation of properties, making security holders and shareholders feel that there was substantial equity available for the shareholders. In 1940 this same group seek to acquire, through forced sale (which, in effect, amounts to foreclosure) these fine properties at a time when the earnings, estimated at $9 millions before depreciiaton, are equal to approximately $11 per share upon the preferred shares, subject to taxation.

The preferred shareholders whose investment is shown at over $35 millions stand aghast that within our democratic financial system it is possible for one select group to acquire this fine property through a forced sale. British interests cannot bid owing to governmental restriction against export of capital, and the United States market is probably closed through the practical impossibility of any individual group raising such a large sum for investment in a belligerent country.

Can it be possible that this Province of Ontario exposes itself to a small group being permitted to manoeuvre itself into a position so disastrous to preferred and common shareholders and also to bondholders who do not choose to deposit their bonds? Many thoughtful bondholders oppose this plan and this procedure. Many large bondholders have distinctly stated to the writer personally that they are not in favor of the policy of foreclosure being adopted by the committee.

Ontario's Attitude

We also refer in this important issue to the publicly stated attitude of the Ontario Government, as expressed in the press and in court, to the effect that, in the opinion of the Government, this sale is against public policy. At that time the representative of the Attorney-General's Department, acting for the province, urged before the court that the sale be not allowed.

I think that a great number of others heartily agree with this policy. Further, it is always felt that the Government in power is trustee for the proper safeguarding of publicly owned timber areas.

The action of the Government in declaring against the arbitrary sale was welcomed by security holders at large. They believed, and still believe, the Government, as final authority and possessor of the rights of these timber limits, will safeguard their interests in this matter, which has so vital a bearing on their invested savings.

The broad issue of this serious situation involves much more than the act of great injustice which the Bondholders' Protective Committee are endeavoring to exercise. The large issue is the fate of our capitalistic system which is put under a tremendously severe test when certain groups of men exercise their power to disregard the rights of minorities.

In a spirit of earnest effort to bring about a compromise plan, this letter is set forth, trusting that there is still time for saneness to prevail. Plans of compromise exist that have been examined, tested and are acceptable to influential minds whose judgment is valuable and, assuredly, carry the judgment of the thousands of small investors of all classes.

War Costs Now 45% Total

(Continued from page 1)

less than a third of that incurred in the same four months last year.

One phase of Government activity which has undergone great change is the guaranteed minimum price for wheat. Outlook for Canadian wheat export has taken a serious turn. On the assumption that Canada produces 400 million bushels of wheat this year, and there is no outlet for the surplus crop on hand outside of Canada and Great Britain, wheat operations might cost the Canadian Government $100 millions.

Such an expense would add substantially to the difficulty that the Government will have in bridging the tremendous gap between revenue and expenditure this year.

Following are comparative statments of revenue and expenditure for July and the four months ended July 31:

Revenue and Expenditure

July

Receipts:	1940	1939	Change
	—000's of dollars—		
Customs duties ..	9,841	6,088	+3,753
Excise duty ....,	7,007	4,827	+2,180
Excise, sales tax .	24,823	13,233	+11,590
Income tax	5,812	3,856	+1,956
Post office	2,800	2,800	......
Sundry	2,855	2,208	+647
Total revenue ...	53,138	33,012	+20,126
Disbursements:			
Ordinary	33,244	39,472	—6,228
Capital	511	812	—301
Defense & war .	39,012	3,113	+35,899
Relief grants, works	1,744	2,998	—1,254
Govt. enterprises	....	10,064	—10,064
Miscellaneous ...	109	.....	+109
Total expend. ...	74,620	56,459	+18,161

Four Months Ended July 31

Receipts:	1940	1939	Change
	—000's of dollars—		
Customs duties ..	41,476	26,184	+15,292
Excise duty	28,317	18,024	+10,293
Excise, sales tax ..	64,411	42,619	+21,792
Income tax	123,601	97,566	+26,035
Post office .....,	11,005	10,705	+300
Sundry	5,988	5,158	+830
Total revenue ...	274,798	200,256	+74,542
Disbursements:			
Ordinary	121,022	125,358	—4,336
Capital	880	1,343	—463
Defense & war ..	112,932	10,202	+102,730
Relief grants, works	4,705	9,054	—4,349
Govt. enterprises	11,331	38,692	—27,361
Miscellaneous ...	240	....	+240
Total expend. ...	231,110	184,649	+66,461

Milton Brick Sales And Earnings Rise

Sales and earnings of Milton Brick Co. for the first six months of 1940 have shown a substantial gain over the corresponding period of 1939, according to information released by Rittenhouse, Hamilton & Co., Toronto, from company sources.

Apply Controls To Lumber Industry

Steps Taken to Allot Supplies, Raise Production, Curb Prices

From Our Own Correspondent

OTTAWA.—With Canadian lumber stocks dwindling rapidly under heavy wartime demands, full Dominion control has been imposed on the timber industry to ensure filling of war needs and to avoid price inflation.

No shortage of lumber exists in Canada, according to H. R. MacMillan, federal timber controller. But dry timber reserves will be heavily depleted in the next few months, and the lumbering industry has been instructed to increase production.

Prices will be maintained at levels existing in June to curb the effect on prices of competitive bidding by private consumers for stocks wanted in war contracts.

Supplies Allotted

Priorities have been worked out as follows:

1. To supply British demand for war purposes.
2. To supply orders of the Canadian timber control, which has stepped into the market with orders running to millions of dollars for delivery over the next six months.
3. To supply United States exports in order to maintain foreign exchange balances.
4. To supply domestic demands.

On the prairies, with an emergency arising in the matter of extra storage for surplus grain, reports indicate that farmers are hampered in purchases of lumber to build grain bins. At the same time elevator companies are in the market for lumber for elevator annexes. The federal timber control has undertaken to release enough lumber to fill demands for grain storage.

Production Expanded

Many small lumber mills that have been closed will likely reopen, but supplies of logs will have to be secured in advance and sufficient time must be allowed for proper seasoning.

Latest official information indicates a rapid boost in forestry and lumbering operations. The June index of the Dominion Bureau of Statistics showed the general forestry index at 160.0 in June, compared with 142.5 the previous month and 120.6 in June last year. The latest figure reported for railway loadings of lumber was in April, which gave a total of 288,178 tons, compared with 237,228 tons in March and 208,532 in April, 1939.

Operations Speeded

Employment indexes reflect the speed-up of lumbering with the general index for lumber and lumbering products at 102.6 in July, compared with 97.5 in June and 93.1 in July, 1939. Logging employment index stood at 121.4 in July, compared with 95.3 in July last year.

Stabilize Market

Arrangement to maintain June price levels was done by agreement in the trade rather than by price control action. Mr. MacMillan has chosen 25 leading lumbermen as a national lumber advisory committee, and the committee arranged that timber sales will continue at June prices.

Prices Board "Polices" Tax

Watches How Exchange Levy is Passed on to Consumer

From Our Own Correspondent

OTTAWA.—Now that Parliament has adjourned, one of the jobs which the busy Wartime Prices and Trade Board has to handle is policing of the new 10% exchange tax.

Formerly the board authority extended only to the "necessaries of life." Now the board must be responsible for policing all the industries, distributive channels, etc., affected by this tax.

For example, one important problem which shortly must be solved is whether or not the 10% tax is to be an inclusive "cost" item for raw materials, or whether it is to be "segregated."

No decision has been reached as yet, but it is not unlikely it will be found impossible to segregate this tax in the case of raw materials entering into manufactured products.

A similar problem arises in the case of importers who bring in merchandise. In this case the 10% item will probably not be added to the cost but will probably be shown as a separate tax item in much the way the 8% sales tax is now added to the wholesale cost of merchandise.

Board Will "Police" Tax

It will be the board's job also to "police" real or imaginary charges of "profiteering" under the act. Already complaints have come to the board on various items and shortly it will be necessary to investigate these.

Without being asked for information many manufacturers have written to the board explaining just what they were doing about the 10% tax in relation to their cost and pricing policy.

Incidentally, opinion at Ottawa seems to be that the estimate of $65 millions as the amount which would be collected from this tax is far too high.

It is the old story of not being able to have one's cake and eat it. If imports from the United States are to be curtailed by means of a tax then it is unlikely that the amount of revenue from that tax will be as high as would otherwise be the case.

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Problem Posed By Wheat Tax

Earlier Purchases of Flour at Higher Prices Prove Boomerang

Since the Wartime Prices and Trade Board issued its order pegging the price of bread at that prevailing July 23, conferences have been held between the Board and representatives of the baking and milling industries.

On the basis of information gathered from these conferences and other sources the Board plans to make a complete study of the factors involved in the price of bread. When these are known a permanent policy in this connection will be adopted, it is expected.

One difficulty seems to be that most bakers loaded up with flour when wheat was going up to around 90 cents a bushel early this year. Because of this higher-priced flour, it is said in trade circles, many bakers have been operating at a loss so far this year and profits of others have been much reduced. One proposal has been to allow time to work off this costly flour.

The new tax, even when split with the millers, means more losses for the bakers. Larger bakers can hedge their flour purchases in the futures market, but for the smaller units this is impracticable.

Millers Hard Hit

The flour millers are said to be even worse hit by the new tax. Conversion profit per barrel of flour for domestic use has been in some cases, it is said, as low as five cents a barrel. Obviously the ruling that requires millers to absorb 35 cents a barrel of the new processing tax develops a difficult situation.

It is claimed that the entire profits of the baking industry last year were far from sufficient to cover the requirements of the processing tax.

Bakers, however, have a margin on which they can operate in the trimmings that have been offered to customers in recent years as an inducement to buy. Reports from Alberta indicate that the Alberta Master Bakers Association has decided to eliminate sale of sliced bread and other luxury lines. Use of a cheaper wrapper, elimination of many lines and other steps are said to be economy measures already enforced, or contemplated, by bakers.

Poorly Planned Legislation

Actually it seems that the bakers defeated their own ends by immediately starting moves to raise bread prices. This necessitated hurried action by the Board without proper time to study the situation. When all the facts are available it is quite possible that it will be seen that an even division of the burdens of this tax is unfair.

Gasoline Outlets Restricted To Present Number

Major oil companies appear unperturbed by the order of Oil Controller G. R. Cottrelle prohibiting the installation of additional retail outlets for gasoline and other petroleum products.

They regard this as part of a necessary war programme and are quite in agreement with it, The Financial Post learns. Some of the smaller companies which may have been increasing retail outlets may not be so well pleased.

Effective Aug. 8, 1940, no new service stations may be erected. Those under construction at that date may be completed if the approval of the oil controller is first obtained.

Sale, lending or installation of any equipment for retail sale of gasoline or other petroleum products is also prohibited, except such equipment as may be necessary for essential repairs. Wholesale dealers in gasoline or petroleum products are prevented from selling or delivering to any retail dealer who was not in business on Aug. 8.

Specifically exempted from the order are equipment or petroleum products supplied to any consumer for his own use where no resale is made.

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You should not feel the slightest embarrassment in telling our nearest branch manager of your need to borrow.

Making personal loans is a daily part of our regular banking assistance to thrifty citizens and is strictly confidential. Our terms are convenient and reasonable: Repay in 12 monthly instalments; cost $3.65 per $100, No other charge.

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"A bank where small accounts are welcome"
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War Aid Gifts to Ottawa Frequent and Generous

From Our Own Correspondent

OTTAWA.—Garfield Weston's gift of £100,000 to Lord Beaverbrook to replace British fighting planes shot down in last week's Channel battle, was a magnificent gift by a brilliant young Canadian business genius.

There are many war aid gifts made each day in Canada, perhaps not as large in amount but proportionately as generous. But they do not always get the publicity they deserve.

They come from millionaires and poor people. Here are two unpublicized examples:

A Montreal businessman sent to the Minister of Finance a cheque for over $45,000. It represented, he said, the amount by which his income tax had been reduced as a result of the special 50% exemption on donations to war charities. This man thus not only made his gifts but paid income tax on them, too.

Gift of Exchange

Out West an elderly couple had made a practice, for a number of year, of saving every American dollar bill that came their way. They were hoping to visit friends in the States some time. The other day they sent 51 American dollar bills to the Government — the sum of their special savings.

With a war on, they explained, they thought it might be better to let the Government have the money than for them to spend it in another country.

Rail Firms Both Report 31% Increase in Week

From Our Own Correspondent

MONTREAL.—C.P.R. and C.N.R. showed the same percentage increases in revenue in the week ended Aug. 7.

Gross earnings of the whole C.N.R. system increased $1.1 million, or 31.1% during the week compared with the same period last year. Gross for the week totalled $4.5 millions, compared with $3.4 millions last year.

Cumulative gross earnings in the year to Aug. 7 totalled $140.5 millions, an increase of $33.9 millions, or 31.8% over the same period last year.

C.P.R. up 31%

C.P.R. receipts increased $814,000 or 31.1% in the week ended Aug. 7 over the same week last year. Total traffic earnings for the week amounted to $3.4 millions, compared with $2.6 millions in the same week last year.

Cumulative gross earnings in the year to Aug. 7 amounted to $94.1 millions, an increase of $18 millions, or 27.3% over the corresponding period last year.

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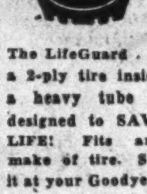

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London Calling

by Atticus

President Roosevelt Breaks Precedent and Wins Atticus' Admiration by Shouldering "Intolerable Burden" of Third Term

PRESIDENT ROOSEVELT

LONDON.—One of the strangest quips of science is that it has made it possible for us to listen to Hitler addressing his faithful Reichstag. Not only did we hear his words even more clearly than his immediate audience of "Ja-Herren," but we heard them a fraction of a second soon. While it takes sound a definite time to travel through the air, this does not apply to the wireless, which is instantaneous. Therefore, whether we deserved the honor or not, we actually caught those jewelled phrases first.

I have listened to Hitler so often on the wireless that I found it interesting to compare his style with previous performances. At the beginning there was little difference. He was on the iniquities of Versailles, a subject so boring that he made no attempt to produce as much as a bleat of approval from his obedient sheep.

He spoke rapidly and almost in a monotone until he reached the subject of Germany's victories. It was then that the spellbinder showed that he is not the man he was. A year ago, although a fruity baritone, he was always capable of shrieking a B flat. He could not produce so much as an F.

What is more, the resonance had gone, and the flatness of his voice added to the impression that here was a man who was weary and even physically distressed. As usual, enthusiasm was turned off and on like a tap, a perfect example of emotion under discipline.

I have often wondered what grisly punishment would be meted out to an unfortunate Reichstager who cheered too soon, or who failed to stop at the Herr Direktor's signal—surely a subject for a Bateman cartoon.

* * *

Ciano's Thoughts

What were the thoughts of that eminent statesman, Count Ciano, who was allowed to be present? Eleven months ago he went to Bayreuth to warn Hitler against this war, and was told by the Fuehrer that he was a fool.

In fact, Hitler, who was in a state of Wagnerian exaltation at the time, found the presence of the young man annoying. It was as if Prince Danilo had wandered by mistake from the "Merry Widow" into the last scene of "Götterdämmerung."

Ciano used to have a nice sense of the ridiculous and he must have been at least as amused as impressed by the ponderous, supercharged, organized frenzy of a parliament permitted, perhaps twice a year, to listen but never to speak.

* * *

Roosevelt Sticks

Earlier, on the nation's business, I found myself in the leafy loveliness of Warwickshire. I have never seen the lanes and meadows of Shakespeare's country so freshly beautiful.

The dignified town of Leamington had yielded to summer's spell and adorned each post of its principal thoroughfare with a basket of geraniums. Why has Anthony Eden not told us that in his constituency there is a local council of aesthetes?

I would have liked to linger in that corner of England for many hours and sought escape from the impact of harsh reality, but there was the train to London which would not be denied.

At the station I purchased an evening newspaper, which carried a full account of President Roosevelt's acceptance speech. It was a moving declaration by a man who dares to think and speak for humanity.

One of the strangest things in all this incredible era is the spectacle of this crippled giant breaking with all precedent and agreeing to shoulder the intolerable burden of a third term if the American people will it so.

Mr. Roosevelt has a massive head and face, broad shoulders and large hands. When he meets the press in his regular conferences he cracks a joke but is never garrulous. He laughs easily, but his eyes seldom lose their calm, concentrated look.

He gives the impression of one who enjoys the sunshine but is constantly on the watch for any sign of a change in the weather. His voice is a high baritone, but it is full, and his drawl at the end of a word is most agreeable to the ear.

* * *

Staid Adventurer

The election of Major-General Sir Frederick Sykes to the seat formerly held by the late Sir Terence O'Connor brings back a former M. P. who, after six years in the House, left it in 1928 to become Governor of Bengal. Sir Frederick has a deceptive personality. He has a staid and unexciting appearance, looking as if he would prefer to read about life in a library rather than experience it; but actually his career has been full of adventure.

In the days before the last war, when flying was the hobby of eccentrics, he raised and commanded a military wing of the Royal Flying Corps. It is forgotten now, but he actually commanded the R. F. C. in France for a time. Before that he served as a trooper in the Imperial Yeomanry in South Africa, and was severely wounded.

Now that twenty years have passed I think I shall publicly forgive him for an action of his during a country house week end in 1920. Four of us had just made up an agreeable and promising tennis four, which was to include Isabel, the attractive young daughter of Bonar Law.

To our chagrin Sykes persuaded her to go for a walk instead—thus leaving us with an impossible threesome. When they returned from their walk there were many whisperings and glances, which culminated in the announcement of their engagement. It has been a happy marriage, and, perhaps, reviewing the whole situation, the time has come to condone Sir Frederick's action in breaking up our set.

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C. N. R. Hotel Investment Now Stands at $26.5 Millions

From Our Own Correspondent

MONTREAL.—Canadian National Railways investment in its hotel properties at the end of last year amounted to nearly $26.5 millions. This contrasts with $25.7 millions at the beginning of 1935, an increase of under $750,000 in the five-year period.

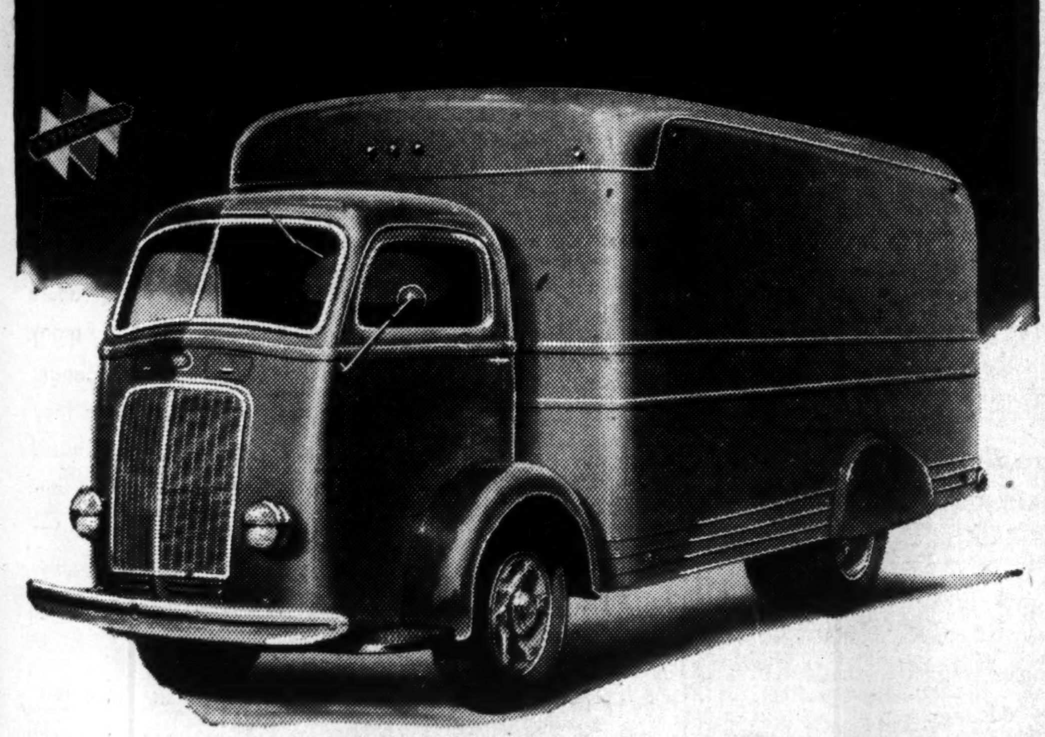
With the exception of an outlay of $490,095 on the Bessborough Hotel at Saskatoon, the expenditure on the other hotels was negligible in the period from 1935 to 1939. The large outlay at Saskatoon was due to completion of the hotel property Dec. 10, 1935.

Particulars of the company's investments in the 11 different hotel properties follow:

C. N. R. Hotel Investment

Location	As at Jan. 1, 1935	Net Outlay 1935-1939	As at Dec. 31, 1939
Charlottetown	$ 854,172	$ 6,481	$ 860,653
Pictou, N.S.	199,344	112	199,456
Halifax, N.S.	2,442,553	11,572	2,454,125
Ottawa	8,653,158	30,615	8,683,773
Prince Arthur	1,180,516	10,351	1,190,867
Minaki, Ont.	1,088,496	6,926	1,095,422
Winnipeg	2,892,057	19,849	2,911,906
Brandon	518,955	6,828	525,783
Edmonton	2,228,376	59,214	2,287,570
Jasper, Alta.	2,589,508	93,953	2,683,461
Saskatoon*	3,076,954	490,095	3,567,049
Total	25,724,089	735,996	26,460,085

* Commenced operations Dec. 10, 1935.



NOW a Full Line OF CAB-OVER-ENGINE INTERNATIONALS!

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You've always wanted an **in-between** capacity, real cab-over-engine truck.

Well, here it is—International's brand-new D-400—styled to the minute, incorporating ideas from both smaller and bigger models in the line, to make **the best all-around traffic-type job on the street.**

Like all c.o.e. Internationals, the D-400 keeps its perfectly insulated engine **under the seat**—a practical International feature recognized by all owners. The engine is completely accessible and readily serviced. Load distribution is the ideal 1/3-2/3, balanced on front and rear axles and all four wheels.

The driver of this handsome truck gets all the breaks that make for efficient, safe operation. The cab provides wide visibility, perfect ventilation, nicely placed controls and a comfortable adjustable seat. Brakes are hydraulic. Behind the driver is **maximum-load space and short-wheelbase manoeuverability.**

Yes, sir, cab-over-engine design solves the "tight-hauling" problem . . . And now you can go **completely** INTERNATIONAL in c.o.e. models. This new D-400, with its gross weight rating of 16,200 lbs., fits in the broad middle range between the very popular D-300 (13,200 lb. g.v.w.) and the beautiful heavy-duty D-500 and DR-700 (18,800 lb. and 26,900 lb. g.v.w.). Ask the International dealer or branch about the new Model D-400.

INTERNATIONAL HARVESTER COMPANY
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INTERNATIONAL TRUCKS

The Post-Bag

Collector's Item

When the British Overseas Airways flying boat Clare left Canada last week for "Somewhere in England," it carried one piece of mail which cost its sender just $172 in stamps to carry it across the Atlantic.

* * *

French-Canada Speaks

"Aux Armes, Canadiens!"

This is the title of a punchy little pamphlet produced by Le Samedi, Montreal weekly magazine. It reprints in English two recent editorials from that French language periodical, declaring the determination of French Canadians to do their part in the war.

It's an effective answer to those who may have any doubts as to where French Canada stands.

* * *

Big Day

The Canadian Parliament meets again on the date of the United States election. The first day's sessions will be formal; the House, unless further adjourned, will get down to business the day that the Americans know who their new president is to be.

Just coincidence . . . or what?

* * *

Stuck It Out

Before Parliament adjourned last week most of the Senators went home. (There was little for them to do except pass on formalities.) But an example was set to the rest by the three oldest members, who stuck it out to the bitter end. They were Senator Turgeon, Senator E. D. Smith and Senator George B. Graham.

Senator Meighen, in a neat little speech, paid tribute to them for their fidelity.

* * *

Tribune Fights Back

Of every $100 of Canadian goods exported to the United States, $5.25 represents the value of newsprint paper purchased by the Chicago Tribune and its affiliates.

This remarkable statement is made in "Fair Play" a booklet just produced by the Ontario Paper Company (Chicago Tribune affiliate) to answer recent criticisms of the Tribune's "anti-British" editorial policy.

"Fair Play" reproduces numerous Tribune cartoons and editorials that are either friendly to Britain or bitterly anti-Nazi and anti-Fascist. It also presents an impressive record of Chicago Tribune support for the Canadian tourist traffic.

* * *

New Foe for Hitler

PM, that new daily news magazine published in New York by Ralph Ingersoll, has adopted a boldly anti-Nazi policy. Mr. Ingersoll's Philippic against Lindbergh seems to have been an opening blast. PM is now running a series of exposures based on Hitler's writings and on official German documents showing Nazi aims on America.

Another smart piece of work by PM was a breakdown of the Lindbergh broadcast, sentence by sentence, showing that the speech was practically a patchwork made up of ideas and statements from Nazi short-wave propaganda to the United States.

* * *

Nazi Medals

General Motors' vice-president in charge of export operations, James D. Mooney, who recently had a most offensive anti-British article in the Saturday Evening Post, is another American who received the Order of the German Eagle from Hitler. The medal is bestowed upon foreigners "who have deserved well of the Reich."

Henry Ford received the order too. And so did Thomas J. Watson, president of the International Business Machines Corp. But Mr. Watson returned his medal as a protest against Nazi brutality. There is no evidence that Henry Ford, Charles Lindbergh or James D. Mooney returned their Nazi decorations.

* * *

Competition

Those who have talked recently with "Billy" Woodward, Vancouver and Edmonton department store owner, who is chairman of the executive committee of the Department of Munitions and Supply, report that his voice is louder than it used to be.

The answer is simple. A few yards away from Mr. Woodward's offices at Ottawa is a testing ground for aircraft motors. Those who do not shout in his office sometimes cannot be heard above the din.

* * *

Forecast?

The new Supreme Court building at Ottawa for which Queen Elizabeth laid the cornerstone is still unfinished. But already the Department of National War Services has moved in amid a combination of temporary doors and panelled walls.

Occupying an office in the building is Hon. T. C. Davis, new deputy minister of the department. He is a justice of the Saskatchewan courts.

Ottawa is speculating on whether or not his occupancy of an office in the building is not a case of events casting their shadows before. If Justice Davis ever returns to Ottawa as a justice of the Supreme Court of Canada, he will be able to look back upon feverish days.

* * *

More Facts

One by-product of the new National Defense Tax of the National Unemployment Insurance scheme will be important new business and buying power statistics which have never before been obtainable in Canada.

Montreal Plan Ready For Fall

From Our Own Correspondent

MONTREAL. — There is little possibility that any plan will be formulated by the City of Montreal before October for settlement of debenture principal defaulted on May 15 and June 1, The Financial Post is authoritatively informed.

The city, now under jurisdiction of the Quebec Municipal Commission, will hold conferences with principal creditors toward that end. These discussions will take time and it is impossible as yet to make any prediction as to what type of settlement will be reached.

Cotton Imports Show Increase

Value of Manufactures Into Canada Gain in Six Months

From Our Own Correspondent

MONTREAL. — Imports of cotton manufactures into Canada the first six months of 1940 showed substantial expansion. Total from all countries was $14 millions, an increase of 53.1%.

These figures show that Great Britain has been able to increase her exports of cotton fabrics despite war interruptions and shipping difficulties. Total imports from United Kingdom in the six months increased to $5.7 millions from $4.7 millions, an increase of 20.3%.

Following are imported cotton manufactures for the six months:

	1940	1939	% Ch'ge.
	—($000's)—		
From Grt. Britain:			
Yarn. thread & cordage	2,205	1,214	+81.6
Fabrics	2,554	2,613	—2.1
Lace-emb.	198	134	+55.2
Wear. app.	116	121	—4.2
Oth. cot. manufacture	585	620	—5.7
Total	5,658	4,702	+20.3
From United States:			
Yarn. thread & cordage	718	223	+222.0
Fabrics	4,430	1,859	+138.2
Lace-emb.	109	62	+75.8
Wear. app.	617	493	+25.1
Oth. cot. manufacture	1,006	574	+75.2
Total	6,880	3,211	+114.2
From All Countries:			
Yarn. thread & cordage	2,954	1,453	+103.3
Fabrics	7,655	4,937	+50.5
Lace-emb.	452	266	+70.0
Wear. app.	918	904	+1.5
Oth. cot. manufacture	2,040	1,593	+28.0
Total	14,019	9,153	+53.1

Build Machine For Training Civil Army

Will Establish 30 New Training Centres—Quite Apart From Regular Force

From Our Own Correspondent

OTTAWA. — As the training scheme of the national registration programme takes shape, the organization that will be set up and that will in due course take in every able-bodied Canadian male for a period of training is beginning to appear.

In classes of 30,000 men the training will be carried out for 30 days, producing an annual output of roughly 300,000 trained men a year.

There will be 30 new training centres, accommodating about 1,000 men each. These will be entirely aside from existing training centres, where the regular army trains. Location will probably be in smaller cities or towns, perhaps in the country. For the most part, buildings not in use will be sought.

For each militia camp there will be a commandant, likely to be a retired officer of the lieutenant-colonel rank. The instructional and administrative staff will amount to some 5,417 including 900 officers, 1,830 non-commissioned instructors, 300 administrative N.C.O.'s, and 2,387 clerks, cooks, orderlies, etc.

War Orders Total $8.3 Millions

Department of Munitions and Supply announced Aug. 9, placing of orders totalling $8.3 millions in the preceding week. Larger items were mainly for construction and defense projects.

Included in the total were the following contracts awarded to companies in which there is public investment interest.

	Amount $
Canada Packers	65,502
Paton Manufacturing	22,054
Canadian Converters	23,167
Monarch Knitting	44,500
General Steel Wares	30,750
Woods Manufacturing	16,500
Canada Wire & Cable	119,580
Modern Containers	13,630
Fairchild Aircraft	28,925
Imperial Oil	71,390
Canadian Marconi	387,995
Northern Electric	411,573
Can. Inter. Paper	38,257
Consolidated Paper	28,469
Standard Chemical	14,039
Consol. Mining & Smelting	144,266
Canadian Locomotive	29,512

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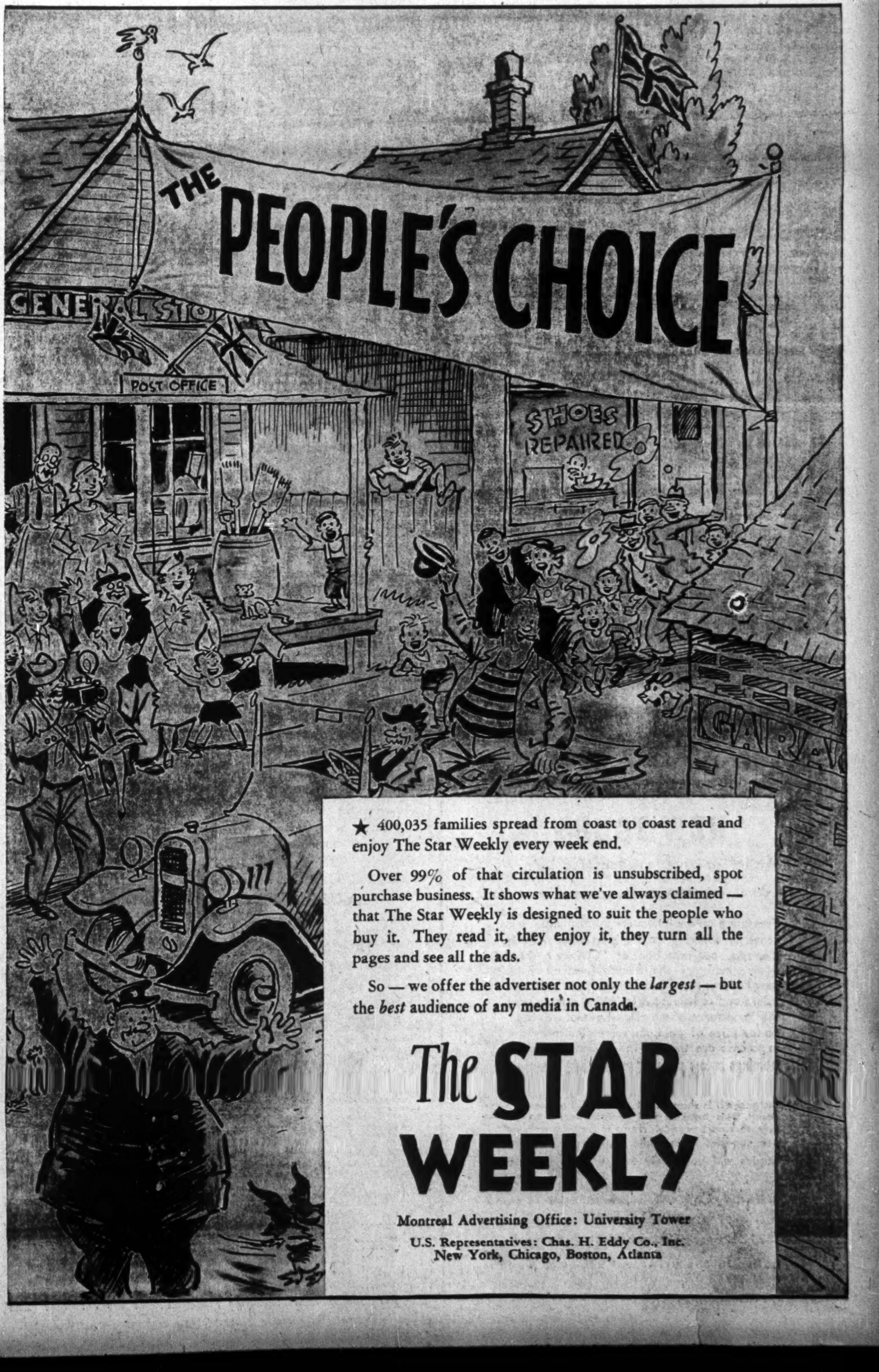

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Investment Trends

Markets Wait Outcome German Invasion Try

Few Indications Yet That Current Rally Indicates Major Trend Change — Attention Taken by Inconsistent Action of Stocks, Bonds

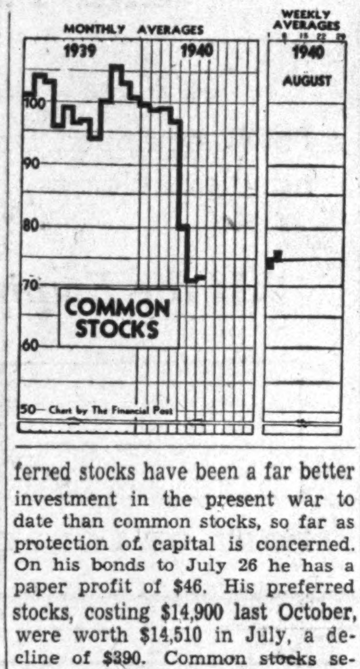
When Great Britain repulses the long-heralded German attempt at invasion, belief that the Empire will eventually win this war is likely to surge beyond the Empire itself. This applies particularly to the United States. Given evidence of ability to throw back all that Germany can offer, investors in the U. S., always prone to go from extremes of fear to optimism, might easily start another rally in stock markets. Waiting for the verdict is always unsettling—much more so when it involves the way of life for a whole civilization. Importance of the war as an investment was once more emphasized this week when rising pitch of German attacks brought sharp declines.

This possibility, however, does not preclude the chances of severe tests of the holding ability of the stock lows of last June, both here and in the United States. It would be against precedent if the familiar zig-zag pattern were not shown and this can only be effected by another decline wiping out most or all of the July-August recovery. Under normal conditions, precedent also favors a rally in August, usual month for discounting fall prospects.

The moral is that investors may be expected to regain a greater measure of confidence when worries as to the time and outcome of the expected German attempt at invasion are ended. But investors might easily be wiser not to follow any rally at this time by bidding for stocks. They might be better advised to take chances on having to pay somewhat higher prices when the outlook is clearer. It will take more signs of active markets to justify much optimism for any important rise.

* * *

Business Background



The Financial Post's index of Canadian business reached the all-time record level of 141.7 in June, climaxing many months of consistent rise. A year ago this index was at 118.8. A year ago, also, the D. B. S. index of Canadian industrial stock prices was at 159.8; today it is 118.5. While stocks have declined 26%, business activity has risen over 27%.

On the surface this seems lacking in logic. But there are other factors. A year ago we were on the verge of war; how near very few suspected. Now we are nearing end of a year of war which has brought many awakenings. A year ago we had no such thing as an Excess Profits Tax, nor an income tax doubled or tripled in its burdens.

This is enough to justify a new appraisal of investment values and even a year ago there were few who felt that great optimism so necessary to generate strong stock markets.

* * *

Another Approach

This devastating decline in stock prices, while industrial activity soars, has not hit all types of securities alike. W. D. Ross of the Toronto investment firm of Batten, Ross & Co. draws attention to the way in which high-grade bonds, both Government and corporation, have maintained their prices, in contrast to the action of stocks.

He says: "The logical conclusion . . . . is that the owners of high-grade securities were not so easily panicked by the events in Europe as were the owners of stocks in general, where the proportion of speculative and marginal holders is much greater."

Mr. Ross mentions the low income currently available on high-grade bonds. "This low income, coupled with higher income taxes and reduced real income, is initiating a movement on the part of investors toward securities with greater yield and, to the extent that is compatible with safety, some appreciation of capital."

* * *

Stocks Out of Line

H. J. Bird, Vancouver, winner of second prize in The Financial Post "Investing in Wartime" contest of last fall, has been doing some work on comparative results for his portfolio. His portfolio was to place 20% in government bonds, 30% in preferred stock and 50% in common stock.

A recapitulation of current market values, after a nine months' decline in prices, would seem to indicate, he thinks, that bonds and preferred stocks have been a far better investment in the present war to date than common stocks, so far as protection of capital is concerned. On his bonds to July 26 he has a paper profit of $46. His preferred stocks, costing $14,900 last October, were worth $14,510 in July, a decline of $390. Common stocks selected for appreciation showed a loss of $3,796, while stocks selected for income were down $2,145 from their cost of last October. He points out that the war is not yet over and it is too soon to make a final comparison.

As an explanation of the less favorable showing of stocks he suggests that the major point must be the heavy war taxation. Psychological effect of the surrender of France, and the attack on England are other factors. Common stocks, he concludes, would seem to be definitely out of line with industrial earnings at present.

* * *

Stock Equities Attract

A little more than a year ago it was difficult for the investor to secure a good stock issue giving an adequate return. In the Investing in Wartime contest held by The Financial Post it will be recalled that the yield on the better grade common stocks was considerably under 5%. Compared with the return on bonds the yield was not especially attractive. In the intervening months the situation has changed about and now it is possible to pick a dozen or more sound common stocks giving a 5% or better yield. A choice can be had from a wide field, as indicated in the following list:

	Current Yield %
Building Products	5.18
C. & D. Sugar	5.88
Crown Cork	6.40
Dist.-Seagrams	7.84
Dom. Bridge	5.11
Dom. Textile	6.25
Ford of Canada	6.45
Inter. Nickel	5.80
Mont. Power	5.36
Penmans	5.88
Shawinigan	5.00

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Presenting an analytical review of the new tax schedule covering gold mining companies in Canada, our new booklet "Canadian Gold Mining Industry—the favourable effect of the new Federal taxes" will prove extremely interesting and reassuring to investors. Emphasizing the importance of the official premium of 10% on the price of gold, the survey indicates that in no case are the new taxes likely to reduce earnings below pre-war levels while in certain instances it is shown that substantial gains may result. This booklet will be of interest to all investors and particularly to those who own or are considering the purchase of gold shares. Copies will be gladly furnished on request.

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DIRECTOR

Charles S. Band, vice-president of Gutta Percha & Rubber Ltd., who has been elected a director of the Canadian Surety Co. Mr. Band is on the board of a number of other Canadian companies.

Babsons Think Britain Doomed

U. S. Investment Service Tells Readers Hitler to Reorganize Europe

Extraordinary statements confidently announcing collapse of Britain and complete domination of Europe by Hitler have brought protests from readers of Babson's Reports Inc., the "investment advisory service" published by the much-publicized Roger W. Babson of Wellesley Hills, Mass.

Indicative of the theme which has recurred in the Babson reports for some time past is this quotation from the July 15, 1940, issue which declared:

"Great events are occuring. The course of history hangs in the balance. Financial, manufacturing and merchandising plans should be reviewed immediately. Hitler is to reorganize Europe industrially and financially. Great Britain will co-operate with him. However sorry we are to see democracy murdered, we must not fail to recognize the facts."

The July 15 report declared:

"Hitler is going to remodel Europe financially and industrially—as well as socially. Great Britain will fall in with the new system."

One week earlier, on July 8, 1940, the Babson report stated:

"The Allied blockade of Europe has been broken. The English and French together had difficulty in enforcing it. For Great Britain alone to do so and continue to keep open her lanes to Canada and the United States is an impossibility."

In promotion literature dated June 28, entitled, "Don't Be Caught Napping," it was stated that:

"England is tottering from the relentless blows of the Fascists' hordes."

Some consistency is a virtue to be expected from a service that claims its purpose to be "protecting capital and increasing income." But in the same issue that contained the statement of the forthcoming "co-operation" between Hitler and Britain, Babson wrote:

"We still feel, as we have already indicated, that World War II will end in a stalemate. The small countries will be eliminated and the world will be reorganized by America, Japan, Great Britain and Germany, with Russia holding the whip."

July 29, 1940, in its Canadian section, Babson Reports stated:

"Security markets face the actuality of an enemy invasion of Great Britain. Despite the imposing list of countries which have yielded to Germany's war machine, we still feel that the British Empire will continue to fight rather than give in to any of his peace offers. . . . Canadian stock markets are indicating a good chance of the Empire's putting up a real fight."

Despite the prevailing bearish tone, the Babson report carefully swings some weight to the other side by declaring, July 29:

"Perhaps there is too great a readiness to admit the possibility of further German successes and to underestimate the strength opposing."

Foreign Exchange

During the week Aug. 6 to Aug. 12 there was no change in the quotation to the United States dollar at Toronto and Montreal, which was $1.10 for buying and $1.11 for selling. The sterling rate likewise was unchanged at $4.43 buying and $4.47 selling. The rate is published daily by the Foreign Exchange Control Board.

Other Currencies, Aug. 12

Australia	3.58	N. Zealand	3.61
India	.3368	S. Africa	4.47
Japan	.2605	Hong Kong	.2459

Market Opinions

Stock market students are watching to see if the current New York rally is able to continue, regarding this as an important indicator of the way ahead.

Barron's N.Y. (The Dow Theorist)—The Dow-Jones industrial average has pushed to a new high on rally from the May panic. The railroad average is within a small fraction of accomplishing like penetration of its July 30 high of 27.09. If that penetration is accomplished, it will mean, under the Dow theory, that the secondary uptrend established late last month is being extended. On the other hand, failure of the rails to reach a new high at this time would bring up the question whether the secondary uptrend was about over. If so, a test of the May-June lows would be in the making, and this would mean testing also the primary downtrend.

* * *

Brookmire Counselor, N.Y.—The stagnant condition of the stock market reflects the conflict between long-term forces which definitely promise further earnings gains, and the near-term threat of shocks from across the Atlantic. Though keeping one eye on the tide of battle in Europe, clients should maintain portfolios in stocks of ably-managed companies that are well placed to capitalize on existing earnings potentialities.

* * *

Barron's N.Y. (The Trader)—On the business side, the picture is bright with incoming orders turning up again after a five-weeks slump. For heavy goods the enquiries are marked, notwithstanding which consumer goods continue to lag in the orthodox fashion of revival. Regardless of whether governmental spending enters the economic stream in full force this year or next, the fundamental financial and business factors still warrant a patient attitude toward the retention of common stocks.

* * *

Financial World, N.Y.—Although nothing of great importance to the market has happened abroad for some time now, the situation overseas continues to exert a restraining influence on investment sentiment. Failure to inaugurate the long threatened blitzkrieg on England is being regarded in some quarters as an indication that British defenses are a great deal stronger than had previously been thought, and if further evidence to this effect accumulates, one result should be an improvement in market sentiment here.

The prospect of a continued good rate of industrial activity, from which business will be able to derive at least reasonable profit despite higher taxes, is one of the numerous factors which support a policy of retention of good income securities. Later on, perhaps, the situation may warrant purchase of more speculative issues, but that time does not yet seem to have arrived.

* * *

The Magazine of Wall Street, N.Y.—Aside from a very low short interest, the internal evidence—including extremely small volume — supports the case for buying stocks and sticking to them. Certainly, if there is to be further important deflation of stock values, it will have to come from investment liquidation alone, for there is little or no speculative position to be liquidated. The lows of early June now look dependable and capable of standing up for some time to come. It is conceivable, though, that British reverses could damage prices severely, even without the general liquidation expected in a "bear" market.

* * *

The Annalist, N.Y.—With earnings in general at a very satisfactory level, stock prices low and the possibility of some further improvement in general business activity within the next year, the failure of the market to follow up the late July rally might, superficially, be surprising. But in addition to the presidential campaign and the hesitation naturally produced by the threats of heavier taxes, there is the possibility that a general attack on England may be near at any minute.

The general market situation is clear enough in the sense that, if it were not for the complexities produced by the European situation, a much higher level of stock prices would be justified.

Montreal Power Returns Higher

Both Power and Gas Output Gains on Large Scale

From Our Own Correspondent

MONTREAL.—Reflecting the increased industrial activity arising out of war conditions, Montreal Light, Heat & Power Cons. distributed 16.47% more electricity in July than in the same month a year ago.

Electricity output by the company last month totalled 102.5 million kw.h., an increase of just under 15 million kw.h. over July of last year. This brought total production for the first seven months of this year to 756.3% million kw.h., up 83.1 million kw.h. over the like 1939 period.

All these figures exclude inter-provincial export and secondary power sales.

Gas Output Higher

Gas output of the company in July showed the best gain in some time, rising 5.15% to 380.7 million cu. ft.

For the first seven months of this year, gas production was 2,935 million cu. ft., an increase of 2.95% over the corresponding period of last year.

The increased tax burden this year offsets the improvement in gross revenues, according to John S. Norris, president of the company. Consequently the gains are not carried through to net earnings. It is estimated that the company will pay between $1.5 million and $2.2 millions additional taxes this year.

Montreal Broker Loans Lowest Since 1932

From Our Own Correspondent

MONTREAL.—Collateral borrowings of member firms of Montreal Stock Exchange amounted to $5.6 millions at the end of July, 1940, compared with $6.4 millions at the close of the previous month. The current figures are the lowest since 1931. At the end of July a year ago loans totalled $9.8 millions.

Famous Players Extends Nathanson Stock Option

Famous Players Canadian Corp. Ltd. has extended the option to purchase 11,000 shares at $16 a share during the month of July, 1940, as provided in an option agreement with N. L. Nathanson, so that it may now be exercised in whole or in part at any time up to and including Jan. 31, 1941.

Mr. Nathanson has already exercised options on three blocks of 11,000 shares. There remains, in addition to the option just extended, another 11,000 shares at $17 to be taken up by July 15, 1941.

Significant Investors' Index Numbers

1926 = 100

	Mach. and equip.	Pulp and paper	Milling	Oils	Textiles and clothing	Food and allied prod.	Beverages	Bldg., mater.	Power and traction	Banks	Total utilities	Total co's.
No. of Securities	8	7	3	4	10	12	7	15	15	8	19	95
1929-39:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	204.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1940: Monthly Figures:												
Jan.	134.3	24.5	98.8	155.8	86.4	183.0	135.4	150.7	61.3	84.5	45.7	99.7
Feb.	129.3	23.4	98.4	158.2	90.7	184.3	134.0	146.8	60.3	84.3	45.3	99.0
Mar.	134.1	22.9	96.5	155.4	91.4	185.7	135.4	146.5	61.1	85.1	47.1	99.1
Apr.	132.5	24.6	95.9	147.6	91.6	184.7	137.9	146.4	61.9	83.8	47.1	97.0
May	102.6	16.3	77.6	124.7	80.5	165.0	117.9	115.8	52.0	79.7	39.4	80.4
June	93.2	13.1	62.9	100.2	70.3	144.1	106.9	103.3	47.0	74.7	35.8	71.9
Weekly Figures:												
July 4	85.7	12.7	61.1	94.6	70.9	143.6	107.0	99.1	46.8	70.0	35.1	70.2
July 11	86.9	13.1	66.2	99.4	72.4	144.5	107.6	99.3	46.4	69.2	34.5	70.6
July 18	89.6	13.4	67.9	101.0	74.0	144.6	114.8	101.4	47.0	69.7	35.6	72.0
July 25	91.7	13.5	70.0	103.6	74.8	145.9	117.6	101.5	47.7	70.3	35.9	73.1
Aug. 1	94.7	15.3	70.0	105.8	76.2	149.1	119.1	105.8	48.2	71.2	36.7	75.0
Aug. 8	96.1	15.0	68.9	106.2	76.2	151.1	121.5	105.6	48.7	71.7	36.8	75.5

*High and low for year from 1929 to 1939 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	10 B.M.	15 W.O.
Aug. 13	92.99	86.57	61.15	19.75
Aug. 12	94.12	88.72	62.39	19.92
Aug. 10	94.04	88.66	62.28	19.99
Aug. 9	93.45	88.47	61.95	19.95
Aug. 8	94.13	88.80	61.88	20.17
Aug. 7	94.18	89.05	61.86	20.31
Month ago	88.20	79.83	57.68	19.62
Year ago	111.93	120.79	89.69	27.43
High, 1940	128.84	123.80	88.97	33.31
Low, 1940	86.00	77.34	56.81	18.44

Montreal Stock Exchange Average

	10 Util.	20 Ind.	30 Chd.	10 Pprs.	15 Golds
Aug. 13	52.7	60.0	57.9	81.17	65.00
Aug. 12	53.1	61.1	58.4	82.82	65.15
Aug. 10	53.4	61.6	58.9	84.69	66.21
Aug. 9	53.0	61.0	58.3	82.72	64.81
Aug. 8	53.6	61.2	58.6	82.00	64.63
Aug. 7	53.9	61.4	58.8	82.03	65.63
Month ago	62.0	58.0	56.0	74.20	59.62
Year ago	66.5	71.8	70.0	70.77	110.71
High, 1940	69.2	92.2	84.4	152.63	100.81
Low, 1940	50.7	56.0	64.7	66.44	55.16

Robt. Mitchell Report Activity

General Operations Show Pick-up Recently —War Work Important

From Our Own Correspondent

MONTREAL.—Robt. Mitchell Co. reports improvement in its foundry, industrial and general shop operations, and the munitions division is operating at capacity. After a rather poor first five months, operations picked up and gross earnings for the year should be up considerably, with net dependent on the excess profits tax levy.

At present the company is employing 700 men, the largest staff in some years.

With completion before the end of August of final additions capacity of the munitions division will be doubled. British Supply Board contracts finances the $600,000 expenditure.

Investment Notes

B. C. Telephone—Telephones connected at July 1, 1940, numbered 133,732 compared with 131,984 at Jan. 1 and 127,628 at Jan. 1, 1939. Gain during the first half of 1940 amounted to 1.3%.

* * *

Atlas Corp.—This large U.S. investment trust made the following changes in its holdings of Canadian stocks in the six months ended June 30 last:

Number of Shares

	Increase	Decrease	Holds
Howe Sound	3,000	....	5,000
Inter. Nickel	....	3,700	800
Inter. Paper	5,000	....	5,000
Inter. Petroleum	....	1,000	5,500

* * *

S. E. C. summary of June investment transactions by officers and directors include the following of Canadian interest:

Canada Dry Ginger Ale—S. B. Colgate, director, holds 4,300 shares; through an estate increased 2,700 to 5,000.

Celanese Corp. of America—H. A. Blancke, officer and director, increased common 11 shares to 428 through a stock dividend. W. McC. Cameron, officer and director, increased common 113 to 4,671 by a stock dividend and holds 495 first preferred and 200, 7% cumulative prior preferred. Camille Dreyfus, officer and director, increased common 2,425 shares to 99,406 by stock dividend and holds 300 first preferred. J. A. Larkin, officer and director, received 46 common shares as a stock dividend and bought 117, holding 1,913 and holds 508 first preferred. George Schneider, officer, increased common 15 to 640 through a stock dividend and holds 25 first preferred.

Howe Sound—H. H. Sharp, officer and director, increased 300 shares to 1,201.

International Nickel—J. R. Lamb, director, decreased common 535 shares to 500.

International Paper and Power—Bessemer Investment Co. holds 141,130 common, 28,115 5% cumulative preferred and decreased common warrants 3,100 to 137,031.

McIntyre-Porcupine Mines—Balmer Neilly, officer, increased 100 shares to 1,455.

Shawinigan and Gurney Form New Subsidiary

From Our Own Correspondent

MONTREAL.—Shawinigan Chemicals Ltd. subsidiary of Shawinigan Water & Power Co., and Gurney Foundry Co., have jointly formed a subsidiary, Electric Steel Ltd., for operation of a government factory now being built in Quebec.

Stewart Canal Gold Mines is stated soon to install a 12-ton mill on its property in the Portland Canal area, B.C. Treatment of ore available is expected to more than repay cost of the plant.

French Defeat Aids Oil Co.

Loss of Exports More Than Compensated By Accelerated Needs in U. S.

Speeding up of industrial activity and, in particular, activity requiring extensive use of high speed machine tools, in the United States has resulted in business of D. A. Stuart Oil Co. running well ahead of last year in recent months. This gain in the year which began June 1 has been brought about largely by general business. Later months of the current year are expected to accelerate the rate of gain considerably.

The United States is embarking on a huge defense building programme while industries in that country are in receipt of tremendous orders from the British Empire. In many cases these require new plants or additions to existing ones that can only be built after some months of work. In about four months company officials expect to begin to feel the benefit from this programme as these plants get started on defense orders.

Canadian Controlled

D. A. Stuart Oil Co. specializes in manufacture of extreme friction lubricants. One of its most important markets is in industrial machinery and in particular in manufacturing processes using batteries of high-speed machine tools. Manufacturing plant is in Chicago. Sales in Canada are through agents. The company is Canadian-controlled with the majority of its directors residing in Toronto.

Exports have not been a large proportion of total business, probably less than 5% at the peak, as the company only began to cultivate foreign markets seriously in 1937. European representation was then arranged in Switzerland and France. Swiss business is still coming in limited amounts. A few sales are also being made to Sweden.

Collapse of France and conquest of Belgium and Norway eliminated these three countries from the market.

Just last year connections were established in Great Britain and sales to that country are growing rapidly at present.

U. S. Machine Use

Progress in most export markets, even under peacetime conditions, could only have been as fast as the adoption of American types of high-speed machine tools. Oils made by D. A. Stuart, for example, cost about twice as much as the English-made product for use in the slower speed machine tools generally used in the United Kingdom and other European countries. At present extensive purchases by the English of machine tools made in the United States are extending the markets for the Stuart type oils.

Actually, D. A. Stuart Oil Co. officials claim that the company gained for more than it lost by the defeat of France because of the conditions which this disaster brought about in the United States.

Anglin-Norcross Business Higher

Regular Business Stable But War Construction Boosts Volume

From Our Own Correspondent

MONTREAL.—Total business now on hand for Anglin-Norcross Corp. is substantially better than at the same time last year, it is reported. Regular business is running at about the same level, but the company has booked seven contracts for buildings for production of war materials. Construction costs of each of these extend from $250,000 to over $1 million.

Ottawa Supreme Court and the Ontario Hydro building at Toronto are being completed. In addition, there are smaller jobs in hand for Canada Steamship Lines and Dominion Rubber Co.

The company's Maritime subsidiary is completing Simpson's Ltd. building at Halifax. Its northern division is actively engaged on a contract with Hollinger Gold Mines.

Trading on Toronto Exchange is Quiet

Stocks listed on the Toronto Stock Exchange halted the declining trend of the first six months of the year in July. Most sections showed a gain.

Quoted market values of 531 listed stocks at the end of July totalled $3,716.1 millions, an increase of $289.5 millions from the end of June.

Trading volume for July was down. A total of 2,649,327 shares traded compared with 3,248,917 shares in June. Value of transactions for July were $5.1 millions, down $3.5 millions from June. For the first seven months of this year trading showed a decline at 47,762,566 shares valued at $92.6 millions compared with 74,642,092 shares valued at $164.2 millions in the same period of 1939.

Fairchild Aircraft Extending Plant

From Our Own Correspondent

MONTREAL.—Extension of the Longueuil plant of Fairchild Aircraft Ltd. included among Government construction contracts announced by the Department of Munitions and Supply, will increase the company's floor area from about 145,000 to approximately 200,000 sq.

Conduits National Delays Dividend for Ruling

Dividend of 15 cents a share payable Aug. 8, 1940, on common shares of Conduits National Co. has been delayed temporarily pending approval by the Foreign Exchange Control Board. Failure to give sufficient notice to the Board and a request for additional information are given as causes for the delay.

The company does not pay a set dividend and for 1939 paid a total of 30 cents a share which was well covered by earnings of 42 cents a share. Payment is in Canadian funds.

Company Reports

National Light

National Light & Power Co., supplying electric power to Moose Jaw, Sask., and surrounding territory, reports earnings for the six months ended June 30, 1940, before bond interest and depreciation, of $177,715 compared with $168,421 for the first half of 1939. Heavier charges for interest resulted in this charge being earned 1.82 times after depreciation against 1.92 times for the 1939 period.

Output of electricity this year amounted to 16.1 million kw.h., a substantial gain from the 13.4 million kw.h. produced in the first half of last year.

Earnings Statement
Six Months Ended June 30

	1940 $	1939 $
Operating earnings	309,480	288,555
Less: Oper. exps.	137,507	124,343
Net oper. rev.	171,973	164,212
Add: Misc. inc.	5,742	4,209
Net earnings	177,715	168,421
Less: Deprec.	46,321	46,539
Bond interest	70,478	63,555
Net profit*	60,916	58,327

*Before income taxes, amortization expenses, other interest, etc.

Times Bond Interest Earned:		
Before deprec.	2.52	2.65
After deprec.	1.86	1.92
Output in kw.h.	16,147,753	13,442,587

National Pole

National Pole & Treating Co., subsidiary of Minnesota & Ontario Paper Co., reports a net loss of $37,062 for the first half of 1940 compared with $33,370 for the 1939 period. This is after all charges, including interest.

Balance sheet of June 30, 1940, shows current assets of $1.1 million and current liabilities of $57,558.

Income and Surplus Account
Six Months Ended June 30

	1940 $	1939 $
Sales (net)	731,064	819,034
Less: Cost of sales	670,109	767,306
Gross profit	60,955	51,728
Less: Selling exps.	46,402	49,856
Admin. & gen. exps.	19,159	18,413
Net loss on sales	4,607	16,541
Add: Other income	4,016	1,969
Less: Other charges	3,687	33
Net oper. loss	4,278	14,605
Less: Int. on funded debt	31,790	37,136
Amort., note ext. exp.	1,128	1,689
Add: Gain on note retire.	133	20,061
Net loss	37,062	33,370
Less: Prev. surp.	534,999	645,050
Balance forward	497,937	611,681
Deprec. accr.	15,447	15,702

Mexican Light & Power

Mexican Light & Power Co. reports increases in both gross and net earnings for June of this year compared with the same month of 1939. Gross earnings are up $70,161 and net earnings $60,367. For the first half of 1940 net earnings are up $299,161.

Operating results are shown in Canadian dollars at average rates of exchange. In comparing results with the corresponding period of last year it should be borne in mind that the Canadian dollar has been at a discount in terms of U. S. currency since last September.

Earnings and Expenses

	June 1940 $	June 1939 $
Gross earnings	659,262	589,101
Oper. exps. & deprec.	500,001	490,207
Net earnings	159,261	98,894
Six Months Ended June 30	1940 $	1939 $
Gross earnings	3,758,016	3,618,091
Net earnings	880,815	581,654

Cunningham Drug Stores

First annual report of Cunningham Drug Stores, Ltd., since reorganization last year has been issued by President George T. Cunningham, showing net profit for the seven months ended March 31, 1940, of $22,506.

Before depreciation and income tax deductions, but after executive and head office expenses and a proportion of profits to minority interests in subsidiary companies, the profits were $53,953.

The company was incorporated August, 1939, when all shares of Western Wholesale Drug, Ltd., and the assets of 23 stores owned by Vancouver Drug Co., were taken over with the holdings of the Cunningham drug stores.

The deal was effected by giving shareholders of the former Cunningham stores ordinary shares in the new company in place of the preferred and ordinary shares owned by the former company. The merger affected 34 retail stores and a wholesale and manufacturing company.

"Our policy," states Mr. Cunningham, "will be to build up a reserve against any period of recession, and thereby ensure our ability to pay preference dividends during such periods."

M. & O. Paper

Large increase in sales of all types of paper and other products is reported by the trustees for Minnesota & Ontario Paper Co. for the first half of 1940. Net loss, after allowing for interest, taxes and other charges, is only $18,221 compared with $1.2 million for the corresponding period of 1939.

Better prices are reported for most lines. Another paper machine is being rehabilitated to satisfy demand for specialty papers. An additional paper bag making machine has been purchased. Capacity operations have prevailed in the sulphite pulp department. Demand for insulite has depleted inventories which the company will not be able to replenish before autumn. Limited rainfall has brought definite threat of a power shortage at International Falls and Fort Frances. Power for the Kenora mill is supplied by Winnipeg Electric Co.

Reports from Finland indicate that the Insulite mill there is operating on a reduced scale and is self-sustaining. The office in Copenhagen has been closed. The English sales office is active and is supplied from International Falls.

European war has increased demand for kraft and sulphite pulp. Costs are said to be rising while price increases have been modest to date.

The trustees express the hope that period for acceptance of the reorganization plan by security holders and creditors can commence in September following court approval.

Balance sheet as at June 30, 1940, shows current assets of $9.9 millions, including cash and government securities of $4.3 millions. Current liabilities are $1.4 million.

Income and Surplus Account
Six Months Ended June 30

	1940 $	1939 $
Net sales	8,395,502	6,670,623
Less: Cost of sales	6,326,541	5,900,467
Gross profit	2,068,961	1,070,156
Less: Selling exps.	637,810	566,597
Admin. & gen. exp.	310,363	264,622
Net income	1,120,788	238,936
Add: Other income	40,965	41,740
Less: Other deduct.	52,874	35,994
Net earnings	1,108,879	244,683
Less: Interest paid	809	854
Int. accr., not paid:		
Funded debt	837,000	1,248,088
Other obligations	252,020	155,694
Extra charges	......	59,024
Provn. for inc. tax	81,818	......
Add: Unreal. prof. on exchange	44,548	......
Net loss	18,221	1,218,987
Less: Prev. deficit	1,119,702	689,412
Deficit forward	1,101,481	*529,575
Deprec. accrued	400,678	391,653
Depl., company lands	144,022	23,418
	544,670	415,071

Note:—In connection with the above comparison, it is pointed out that while there was no appreciable variation between the U. S. and Canadian dollar in the 1939 period, this variation was substantial in the first half of 1940.

Willson Stationers

Willson Stationers & Envelopes Ltd., Winnipeg, reports net profits for year ended April 30, 1940, equivalent to $6.92 a share on its 5% preference compared with $4.89 the previous year. On the common, after allowing for preference dividends, a balance of 15 cents a share was available from the latest period.

Balance sheet shows cash up to $45,661 from $18,475. Other changes are small.

Consol. Income and Surplus Account
Years Ended April 30

	1940 $	1939 $
Gross profits	397,380	368,133
Less: Depreciation	16,292	15,127
Wages & salaries	210,121	202,994
Rents	50,969	51,375
Taxes	6,320	6,585
Interest & disc.	2,348	2,300
Group insurance	953	1,095
Bad debts	1,623	6,321
Other expenses	96,639	93,569
Operative profit	12,105	*11,341
Add: Invest. income	6,514	6,353
Miscellaneous	4,748	7,644
Rents, assoc. cos.	20,640	20,640
Profit on plant	10	......
Less: Income taxes	†16,318	4,022
Loss on invest.	40	1
Net profit	27,660	19,571
Less: Preference divd.	20,000	20,000
Surplus for year	7,660	*429
Add: Prev. surplus	39,883	40,312
Earned surplus fwd.	47,542	39,883

*Loss or deficit.
†Includes estimated Excess Profits Tax.

Working Capital

	$	$
Current assets	554,332	520,075
Current liabilities	66,456	42,413
Working capital	487,876	477,760

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Bond Markets

More Confidence Shown Prices Become Firmer

Market Has Best Session for Some Weeks — Lack of Offerings Retards Volume — Preparation for First War Loan in Evidence

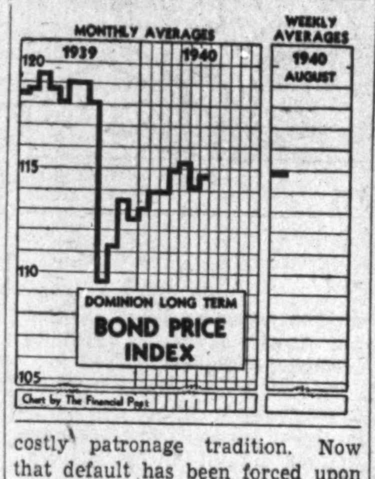
Buying of short-term government issues has injected a little life into bond markets in recent days.

Prices of all categories have been generally firmer, reflecting improved buyer confidence and preparation of the market for the expected fall offering of the second war loan. The market, however, lacks volume, chiefly because of a dearth of offerings.

Dominion direct and guaranteed issues have grown much firmer. Demand for Ontario's has continued good, while Nova Scotia and New Brunswick issues have moved up well. Demand for Quebecs has been weak, while western provincials have moved up slightly.

Market for corporation issues was good and trading fairly active. The market as a whole exhibited a much firmer and more confident tone than it has for many weeks in the past.

* * *



Montreal Plan

There is little possibility that a plan for settling the defaulted principal maturities on Montreal debentures will be evolved before late fall. At best such a plan could not be reached until some time in October.

There has been much conjecture as to what kind of a settlement the city can give its bondholders. That is a matter that cannot be definitely ascertained until the city, under the direction of the Quebec Municipal Commission, Commission officials themselves, and representatives of the bondholders, make a survey of what the city can pay.

The city's budgetary position was substantially improved in the current year by insistence of the Commission.

* * *

Balanced Budget

The city drafted a record budget calling for a deficit of $10.2 millions. The Commission went to work with the scissors, authorized a programme of additional tax levies and emerged with a balanced budget. Savings of $1.1 million were made in administrative expenses.

The effect of this new budget and action on the Commission's part will, of course, enhance the bondholders' position. Under the old regime the city's position and that of its creditors had been deteriorating for many years.

Now that a halt has been made to wholesale deficits, there is a good chance for the city to restore its credit, which at the time of default had become poor indeed.

The removal of Mayor Houde from the scene of activities is not regarded as a complete calamity. Personnel has played a large rôle in the steady worsening of the municipality's position and prestige. Although the mayor's power had been emasculated by the senior government's bill, the task of uprooting the coterie of His Worship will, it is thought, be considerably facilitated by his absence.

* * *

Prospects Favorable

Without a survey of the city's ability to service its present debt in view of the new taxes and administration, it would appear that the situation is far from hopeless. The most dangerous feature of the city's finance was consistent drift.

This was chiefly a matter of inefficiency in administration and a costly patronage tradition. Now that default has been forced upon the Government the way is cleared for conscientious housecleaning. A likely course for bondholders and the city to take would be some sort of an extension of maturity dates of the issues that came due May 15 and June 1 this year. It is apparent that with the city's present credit standing it could not undertake any refunding operation or the sale of a new issue on the market.

* * *

Provincial Bonds

War is changing provincial finance. That change might become a revolution.

Events have conspired within recent years to draw the provinces up with a jolt. By the depression years the rather shaky structure that was built up by some of the provinces threatened to collapse. Wisely or unwisely aid was forthcoming in time to prevent the toppling of the structure. One province defaulted on its obligations. The credit of Canada was not improved by that default. Other provinces with a better will continued to meet their obligations, but had to receive aid to prevent default.

The stronger provinces increased debt with little regard for consequences. The framework of Confederation creaked ominously. The Rowell-Sirois report investigated these widening cracks and suggested remedial measures.

* * *

War Clouds Report

What might have been the most important event to the provinces since Confederation is, so far, nothing of the kind. Up to the neck in war preparations, the King Government has given the Sirois report a scant glance. But war has brought many of the problems there dealt with squarely before the provinces.

The most important: The provinces cannot borrow at will. The provinces cannot become a competitive element in the capital markets. Because of Dominion priority in the field of taxation and borrowings the provinces now have forced upon them measures that it might have been advantageous for them to take many years ago.

In effect the market for provincials in the future will be limited generally to those already in existence and necessary refunding operations.

* * *

Prior War Claims

New issues are likely to be infrequent because of the prior claim for war funds and the fact that there will be little if any surplus funds for the provinces to draw upon after the Dominion has found its requirements.

For the duration of war the provinces will be relegated to a rôle secondary to the main job of financing the Dominion war effort.

* * *

Bond Index

DOMINION OF CANADA
Long-term Bond Index

	Latest week Aug. 2-8	Preceding week July 26-Aug. 1	Weekly average year ago
Price	114.9	114.9	119.1
Yield	72.4	72.4	67.0

Bond Tenders

Aug. 13, City of Halifax—$450,000, 4%, maturing Aug. 1, 1950.

Aug. 14, Canada Treasury Bills — $40,000,000, dated Aug. 15, payable Nov. 15, 1940.

Aug. 19, City of Kitchener—$241,610.70, 3% serials, maturing 1940-54.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Riordon Pulp	6%	1942	Dec. 31	105
Ont. Power	5%	1943	Aug. 15	‡
Wood, Alex. & J.	6%	1944	Aug. 15	†

Calling for tenders for ‡$125,000.
†$28,000.

Paper Mills AND Properties For Sale

Judicial Sale of the Property, Undertaking and Assets of

Abitibi Power & Paper Company, Limited

IN THE SUPREME COURT OF ONTARIO

BETWEEN:

MONTREAL TRUST COMPANY, Plaintiff

— and —

ABITIBI POWER & PAPER COMPANY, LIMITED, JOSEPH P. RIPLEY, STANTON GRIFFIS, MILTON C. CROSS, W. E. SOMERVILLE, EDWARD E. REID, ANDREW FLEMING and W. A. ARBUCKLE, Defendants.

Pursuant to the order of the Honourable Mr. Justice Middleton dated the 10th day of June, 1940, and to the direction of the Master of the Supreme Court of Ontario, there will be offered for sale by Public Auction by the said Master at his Chambers at Osgoode Hall, Toronto, on Wednesday, October 16, 1940, at 2.30 o'clock p.m., subject to a reserve bid, the undertaking, property and assets of Abitibi Power & Paper Company, Limited, as a going concern.

For particulars apply to the Receiver and Manager, G. T. Clarkson, 408 University Avenue, Toronto, or to Johnston, Heighington, Tory & Johnston, Solicitors for the Receiver and Manager, 80 King Street West, Toronto, or to

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Power Project In Last Stage

St. Maurice Power Closes Dam at La Tuque Ahead of Schedule

From Our Own Correspondent

MONTREAL.—St. Maurice Power Corp., jointly controlled by Shawinigan Water and Power Co. and Brown Corp., has completed the dam at La Tuque. This represents one of the last stages in this major power development which will make available an initial installed capacity of 162,000 h.p.

The by-pass channel, according to a statement released by James Wilson, president, was closed by special gates forcing the water through the sluice gates of the dam. "Thus, the largest construction project in the Dominion rapidly approaches completion ahead of scheduled time."

Started in 1937

Work was commenced in March, 1937, by Shawinigan Engineering Co. In addition to the completed dam, the power house was finished last summer. At present four turbines are being installed, with rapid progress being made toward completion of two generators.

The concrete dam and intake structure, built across the St. Maurice River at the lower end of La Tuque Falls, is 100 ft. high and nearly a quarter of a mile long. The power house adjacent to the intake structure is a brick building, 375 ft. long, 60 ft. wide and 70 ft. high.

Output Under Contract

The entire output of the plant has already been placed under contract. Brown Corp., operating a large pulp plant at La Tuque, has an option on one half of the output of the plant. Shawinigan has agreed to take 25,000 h.p. the first year, and at least 15,000 h.p. each year thereafter until the total output, less the amount taken by Brown, has been accounted for.

The power for Brown Corp. will be taken direct, while the balance will be fed into the Shawinigan system through a transmission line to the Three Rivers substation.

Alberta Bank Bill Dies When Parliament Closes

No action had been taken on the report of the Banking and Commerce Committee on the subject matter of the Alberta Bank Bill when Parliament adjourned.

This report submitted to Parliament stated in its last paragraph:

"For reasons appearing in the evidence, your committee is of the opinion that the subject matter of Bill No. 26, an Act to incorporate the Alberta Provincial Bank, is such that the bill in question ought not to be enacted."

The attitude of the Government was indicated by the Prime Minister when in reply to a query by E. G. Hansell (MacLeod) as to whether the report would be concurred in, Premier King stated: "I am not saying there will be no action taken on this report, but the report does speak pretty plainly for itself."

John Teale Rejoins Ronalds Agency

From Our Own Correspondent

MONTREAL.—John W. Teale has been appointed account executive with Ronalds Advertising Agency, Montreal.

Mr. Teale first entered the agency business in England. In 1925 he came to Canada, where he was associated with MacLean Publishing Co., the Ronalds Advertising Agency and James Fisher Co. Three years ago he entered into partnership with Thornton Purkis, establishing the agency known as Thornton Purkis, Teale & Purkis in Montreal. Upon dissolution of the partnership this month, Mr. Teale rejoined Ronalds Agency.

General Steel Wares Sales Continue Gain

From Our Own Correspondent

MONTREAL.—Sales of General Steel Wares Ltd. in July continued to show the upward trend manifested in the first six months of the year. Total for seven months was up substantially from the corresponding period last year, it is reported.

A considerable volume of business has resulted from war orders, in addition to which regular sales have shown a brisk upward movement. Improved export business has resulted in markets formerly supplied by Germany.

Nova Scotia Steel Co. Receives Shell Order

From Our Own Correspondent

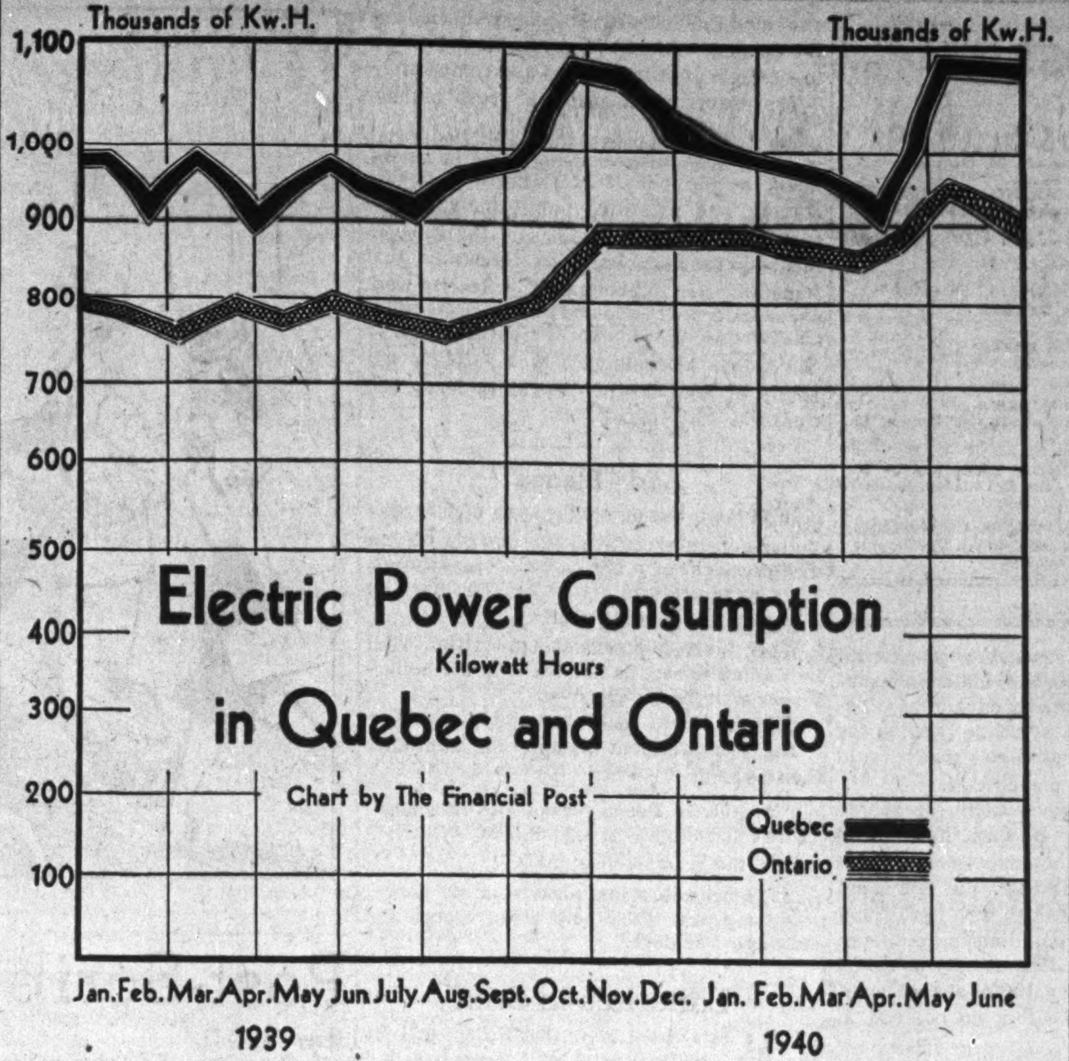
MONTREAL.—Nova Scotia Steel and Coal Co., controlled by Dominion Steel and Coal Corp., has received a second order for 100,000 naval shells from the British Purchasing Commission, according to a company announcement. The shells will be made in the Trenton steel plant.

Bond Sales

Verdun Catholic School Commission

An issue of $143,000 of 5% debentures of the Catholic School Commission of Verdun, Que., is being offered by Société Générale de Finance, Inc., Montreal, at 101, to yield about 4⅞%. The bonds are dated August 1, 1940, the proceeds to be applied to consolidate the floating debt of the commission. Maturities are as follows:

1941-2	$2,000
1943-5	2,500
1946-9	3,000
1950	119,500



Ontario and Quebec, two main power consuming and producing centres in Canada, show consumption figures racing upward since the outbreak of war. Chart is based on D. B. S. figures for actual power consumed in each province.

Quebec Worried on Power

(Continued from page 1)

most substantial gains ever experienced by the industry for any like period.

Sharp Jump in Demand

Not only has the industrial load jumped, but the demand in other categories has been stimulated by the war effort, directly and indirectly. This is shown in the following table:

*Primary Energy Sold in Quebec
January to May

	1940	1939	Change
	millions kw. hrs.		%
Domestic	125	120	4.2
Commercial	122	112	9.0
Industrial	2,810	2,288	22.8
Municipal	60	59	2.3
Transportation	70	71	0.7
Wholesale to munic.	18	16	13.6
Total	3,205	2,666	20.3

*By the 29 principal distributors, accounting for practically all power sold within the province.

Secondary Sales Out

During the five months' period production increased 6.5%. Against this all primary sales in Quebec were up 20.3%, while primary export sales advanced 11.3%.

In order to care for the increased demand the operators found it necessary to eliminate all secondary export sales, while secondary sales in Quebec were reduced by 11%.

With a continuation of this rate of increase it was apparent to the provincial authorities that Quebec would have to take steps to protect its power supply, hence the new regulations on future commitments.

Concern to Hydro

These regulations are of direct concern to Ontario. The Ontario Hydro power load has been staging spectacular gains for some months past. The better business situation, plus the new demands arising from the war, have cut a wide swath in the power reserves of the provincially owned system. Hydro does not face any immediate shortage, but its officials are concerned over the outlook if the present trend continues.

However, the Ontario Commission still has considerable reserves in sight, both assured on contract and in prospect by development. As yet there is no definite indication that Ontario will have any difficulty in obtaining deliveries, either from Quebec or from potential sources in Ontario, to cover such wartime industrial demand as may develop on top of regular consumption.

Ontario has various potential power sources in that province which could be developed reasonably quickly if the need arose. But undoubtedly the Ontario Commission is interested in any surplus Quebec power which it could obtain, either from resources presently available and not contracted for or that may be developed within the near future.

Revise Maclaren Contract

Not long ago Ontario Hydro approached the Maclaren-Quebec Power Co. Under the revised contract of 1937 Hydro reduced its contract deliveries from 125,000 to 100,000 h.p., the latter amount to be delivered in progressive stages until full deliveries were made in Nov., 1944.

The outcome of the current negotiations was that the 1937 contract was revised to permit the speeding up of deliveries. No contract was made for additional power.

One concession made by Maclaren to Ontario Hydro was to give Hydro the option of taking either 25- or 60-cycle power. The former is required for the Niagara system, while 60-cycle power can be used in the eastern Ontario section.

In this connection Maclaren is now delivering a block of 60-cycle power to Hydro for transmission to the Aluminum Co. of America plant at Massena, N.Y.

Interest in Beauharnois

Ontario Hydro also has been interested in Beauharnois' successful application to Parliament for the right to divert an additional 30,000 c.f.s. from the St. Lawrence River to make possible the development of a further 250,000 h.p. of hydro energy.

Beauharnois is now proceeding with necessary remedial works in the river and the additional water will probably be brought into service by the end of next year, if not before.

While no contract was ever entered into between the company and Hydro for all or even part of this additional power, it has been assumed that Hydro would get a share.

Beauharnois Needs Power

In the past few months the Beauharnois situation has changed very materially. Areas within reach of Beauharnois transmission lines have been chosen as the location for certain important new war industries—all large power users.

Beauharnois interest in the exportation of additional power to Ontario is rapidly on the wane. It is open to question whether Hydro will get any extra power from this source over and above present contract requirements.

Quebec Status Better

As the situation stands it would appear that Ontario Hydro may have more trouble than Quebec to meet the rapid growth in ordinary demand and, at the same time, offer large blocks of power for new industries. Ontario has a surplus, but it has not one near as large as Quebec.

The power group in Quebec is naturally not displeased with the new situation. The Hepburn-Roebuck "squeeze play" of a few years ago is still fresh in their minds. The forced rewriting of the long-term Hydro contracts at a lower price left a wound that has not healed over. They are not vindictive, but the wheel has turned and this time it favors the Quebec operators. They naturally want to keep it that way.

Behind the Scenes

The power situation has other angles. When war was declared it was the common belief in the industry that Ottawa would set up a power control board to see that the available power was used to the best advantage. This, necessarily, would have to be done with the cooperation of the provinces.

Ontario got the jump on the Dominion Government by passing a wartime power control act. Quebec took the hint and last June passed legislation based on the Ontario act.

The net result of these two pieces of provincial legislation is that the power resources of each province and their use rest with the provincial governments as far as Ontario and Quebec are concerned.

Given Wide Powers

Quebec's Wartime Power Control Act does not specifically mention the matter of power export, but the authority given to the new Public Service Board is as broad as it can possibly be in the circumstances. The Board controls in Quebec the production, transmission, distribution, supply and use of all motive power. Further, it can order an operator to produce and supply motive power at such rates as shall be determined by the Board.

In its latest order regarding contracts for 500 h.p. or more, the Board requires from the operator complete details of the contract and the purpose for which the power is to be used. The application also must be accompanied by a signed statement from the customer setting out fully the purpose of the use of the power and energy required.

Speed War Effort

Provision is made in the order to give preferential treatment for application of power used in the manufacture, or supply of war materials. In this connection the Board requires specific data on the contracts or orders for such war materials with the name of the purchaser "and the purchaser's order number or reference number."

This outline of the Board's powers clearly reveals a unified control of the development, distribution and use of all hydro-electric energy produced in Quebec, notwithstanding any motive power contract already in existence.

This close control is taken by the operators to mean that Quebec power will be conserved for the use of Quebec industry, with preference to industries handling war orders. Further the indications are that surplus energy will not be transmitted outside the province to supply war industries, when, all other factors being equal, such industries can locate in the province.

Kitchener Asks Bond Tenders

Selling 3% Debentures —Tax Collections Higher This Year

Kitchener, Ont., is calling for tenders to purchase $241,611 of debentures on Aug. 19, 1940. Of the total issue, $16,611 matures in 15 installments and is to cover cost of local improvements. The balance of $225,000 consists of 10-year installment debentures to cover costs of construction, improvements and extension to Hydro-Electric power plants of the city. Interest is 3%.

Current tax collections to June 30, 1940, have amounted to $750,462 compared with $734,122 in the same period 1939. Collections on arrears for first half of this year were $81,758 against $53,692. After payment of the next installment of 1940 taxes during December, it was estimated that net arrears at the end of this year will amount to $171,517 compared with $232,629 at the end of 1939.

Jam. Public Service Net Income Higher

From Our Own Correspondent

MONTREAL. — Jamaica Public Service reports consolidated net income for June of $18,770, improvement of $1,838 over the same month a year ago. Operating revenues for the month of $89,440 were $10,363 higher, but expenses, including maintenance charges and taxes, also increased, with the result that net operating revenue showed expansion of $2,477 at $35,953.

Gross revenues for the 12 months ended June were $1,032,087, an increase of $54,087 over the previous 12 months. Net operating revenue showed expansion of $3,364 to $400,913. Net income for the period was practically unchanged at $206,075.

Alexandra Apts. Bondholders Meet

Seek to Extend Maturity and Reduce Interest Rate to 3%

Holders of 6½% first mortgage bonds of Alexandra Apartments Ltd., Toronto, meet Sept. 10 to consider concessions. Meeting called under provisions of the Companies' Creditors Arrangement Act.

Proposals to be voted on include the following:

1. Maturity date would be extended from May 15, 1940 to May 15, 1955.

2. Interest would be payable at the rate of 3% annually from May 15, 1940.

3. Bondholders would receive, as compensation, three shares of common stock for each $500 bond held. These shares, 1,704 altogether, would be held in trust and voted by the trustees to be appointed.

There were $284,000 of these bonds outstanding at July 1, 1939. Late in 1935, bondholders authorized the trustee not to act under the default of sinking fund which had occurred at that time and were given a share of stock for each $500 bond.

Blue Top Brewing Enlarges Bottling Plant

Blue Top Brewing Co. is starting construction of a plant addition to cost approximately $150,000, including equipment. This addition to the plant at Kitchener will enlarge the bottling department. Approximately $100,000 of the outlay will be required for machinery and equipment. Construction is to be completed around Jan. 1, 1941.

Inter. Paper Profits Jump

Earn $1.52 on Common In Second Quarter — Deficit a Year Ago

From Our Own Correspondent

MONTREAL.—International Paper and Power Co. and subsidiaries report net profit of $3,938,859 after all charges and deduction of $2 millions for excess profits tax provision, equal to $1.52 a common share for the quarter ended June 30. This compares with $77,739 or 8 cents a share on the 5% preferred stock in the same quarter last year.

For the half year ended June 30, net profit on the same basis amounted to $6,899,433, or $2.51 a common share, as against $90,167 or nine cents on the preferred for the like period of 1939.

Allow for New Tax

Profit of the company and its subsidiaries in the second quarter after charges and provision for income tax under all laws now in force, but before provision for U. S. Federal excess profit tax, totalled $5,938,859. For the half-year period profit on this basis was $8,899,433.

The report issued by the company stated that until the excess profits tax law actually has been passed, the company's exact liability for this tax cannot be determined, but in order to make some provision for such a tax a special reserve of $2 millions has been established.

DOMINION-SCOTTISH DIVID.

Dominion-Scottish Investments Ltd. has declared a dividend of 50 cents a share on its 5%, $50 par preference stock. Payment will be made Sept. 1, 1940, to shareholders of record August 20. Arrears following the current dividend will amount to $5.92½ per share.

CANADA'S BIGGEST COOK

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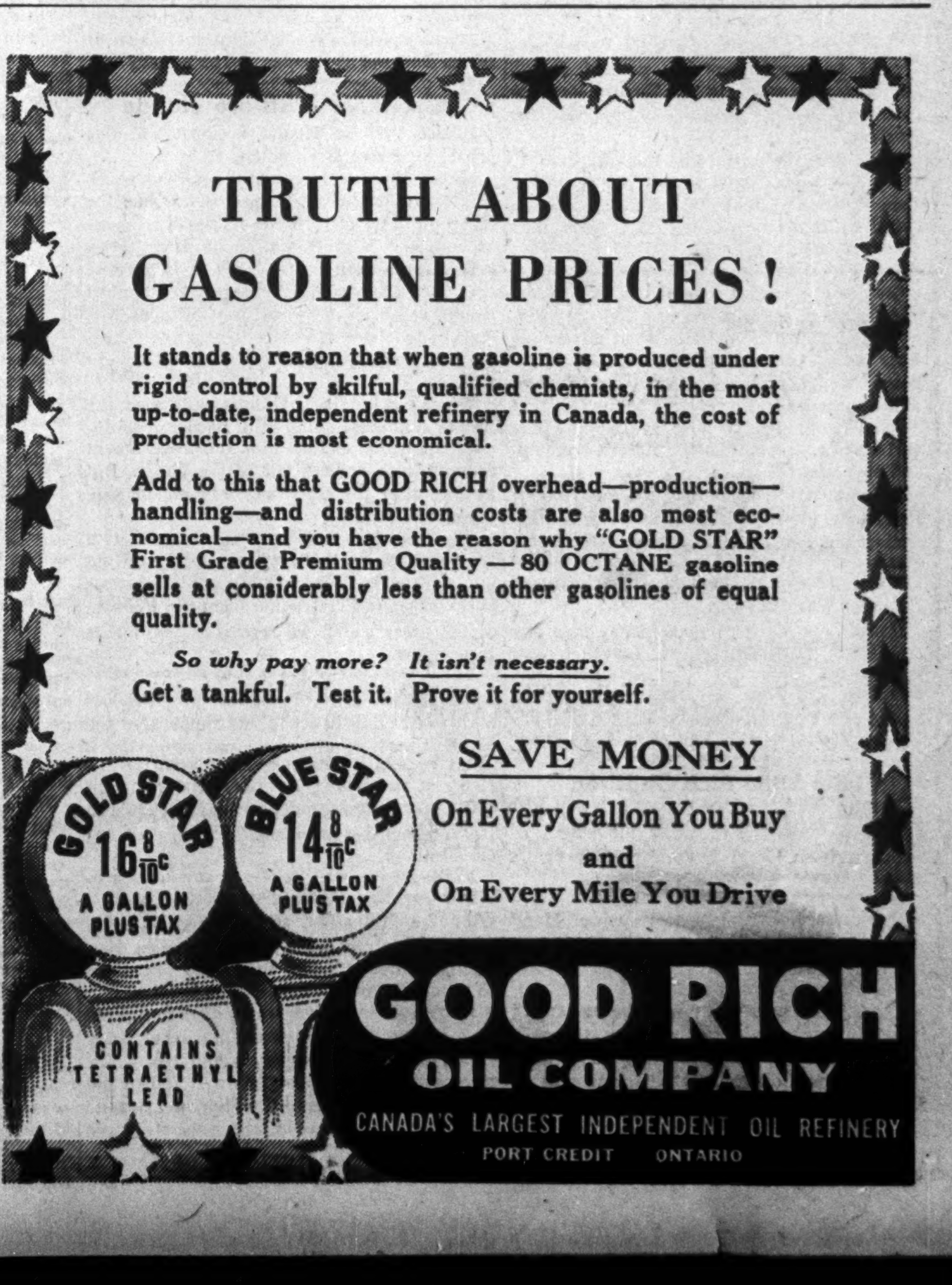
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and
On Every Mile You Drive

GOOD RICH OIL COMPANY
CANADA'S LARGEST INDEPENDENT OIL REFINERY
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Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Town of Windsor, N.S.	Aug.	Cornell, Macgillivray	4%	10 yr. serial	$40,000	....	....
Town of Antigonish, N.S.	Aug.	Cornell, Macgillivray	4%	11 yr. serial	11,000	99.29	....
Town of Wolfville, N.S.	Aug.	Cornell, Macgillivray	4%	20 yr. serial	35,000	98.59	....
Town of Wolfville, N.S.	Aug.	Cornell, Macgillivray	3½ to 4%	18 yr. serial	18,000	98.05	....
City of Nelson, B.C.	Aug.	A. E. Ames & Co.	4%	10 yr. serial	40,000	100	....
City of Halifax, N.S.	Aug.	A. E. Ames & Co.	4%	Aug., 1950	125,000	99.50	....
Village of Beamsville	Aug.	Harris & Bricker Ltd.	3½%	10 yr. ser.	110,000	100.78	....
Provincial—							
New Brunswick	Aug.	Bell Gouinlock & Co., Dominion Securities	4%	Aug., 1943	1,358,000	100	....
Manitoba	Aug.	Wood, Gundy & Co.	3%	Aug., 1942	1,000,000	100	....
Bonds—							
La Commission des Ecoles Catholiques de Verdun	Aug. 1	Société Générale de Finance, Inc.	5%	10 yr. serial	143,000	101	4.87%

The Financial Post

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TORONTO, AUGUST 17, 1940

The Financial Post Editorial Platform for Canada

Winning the war has become the focal point for national and personal effort in Canada. This requires full mobilization of the nation's material and spiritual resources. To the fullest degree this should be obtained by individual effort, freely made. Strong national leadership will inspire service and sacrifice that will reduce the need for regimentation and compulsion.

The Post believes the situation demands:

1. *Strengthening cabinet leadership by drawing upon Canada's best executive brainpower irrespective of political considerations.*
2. *Reorganization of war department and appointment of one supreme authority, competent to plan, determine and programme our war needs.*
3. *Appointment of non-political industrial co-ordinator with complete authority to direct procurement of munitions and supply.*
4. *Fullest co-operation and co-ordination—military, industrial and financial—with the United States as well as with Great Britain.*
5. *Pay-as-we-go policy, in so far as consistent with "total" war. Elimination of public and private waste.*

Action at Cape Breton

Hon. Norman McLarty, Minister of Labor, is shortly going to Cape Breton to look into pit-head troubles at the coal mines there. Quick, effective measures to end these troubles are long overdue.

Briefly, the facts are these:

Since war's outbreak, a small, trouble-making minority of the miners have been objecting to working alongside several hundred men with "foreign" names. Of these, more than 200 are specially skilled in coal face work and important to production. All these men have been "approved" by the Mounties. They are either Canadian-born with foreign names, those who were naturalized before 1929, or those found "dependable" by the police.

Since the war began there have been two dozen stoppages because a minority of the workers, in defiance of their union, have refused to work if these men are allowed down the mines. The "foreigners" have had to fall back on relief.

Coal production, badly needed for war effort, has been reduced by about 50,000 tons on this account alone. The union has proved itself impotent to handle the problem although union rules permit no discrimination on account of race.

Canada has set up a considerable amount of machinery to deal with wartime labor problems. As Minister of Labor, Mr. McLarty should not hesitate to take whatever steps are necessary to speed up coal production at Cape Breton and remove unfair discrimination against men willing and able to work effectively on the wartime economic front.

Senate Urges Short-wave Station

Before the Senate adjourned recently it heard from Hon. C. P. Beaubien a strong recommendation that the Government erect without delay a powerful 50,000-kilowatt short-wave broadcasting station.

Reasons stressed by the committee in urging this recommendation are similar to those put forward consistently by The Financial Post.

For one thing, a short-wave station is badly needed to supplement the present B.B.C. facilities, now carrying the Empire load for freedom-loving peoples throughout the world.

The committee urged that Canada act:

> ". . . to make more secure the facilities now used from that station which are so vital to Empire co-operation and to the general transmission of truth throughout the world."

Cost of the project was placed at $350,000 to $400,000, plus maintenance. The station, it was argued, can be used to great advantage after the war for advertising and trade purposes throughout this continent and Europe.

The committee also referred to the fact that certain equipment is now available which will make erection of such a station a prompt and easy matter.

Recommendations along this line have been repeatedly urged by the directors and management of the Canadian Broadcasting Corporation. There should be equal enthusiasm for this project in the new Department of National War Services.

Canada spends this much money in a few minutes in the Department of Munitions and Supply for destructive and defensive war weapons. Purchase of a short-wave station would give us a constructive weapon of infinite value in the fight for freedom and liberty.

Poor Little Rich Children

Despite official cold water of a few weeks ago it is probable that the movement of children from Great Britain will gradually assume considerable proportions.

At present a few children are beginning to arrive under government sponsorship. Many more are coming out under the auspices of company and professional groups, service clubs, universities and so forth.

There is a danger that unless the movement is carefully supervised at this end, the children of wealthy and middle-class parents may be worse off than those for whom the Government assumes responsibility.

If well-meaning bodies, service clubs, company officials, doctors, dentists, newspaper clubs and similar groups are permitted to arrange uncontrolled evacuation plans with their professional, business or affiliated brethren in England, a potentially dangerous situation may develop. We would be running the risk of all manner of problems which could be avoided by proper precautions.

In the case of government-sponsored youngsters, elaborate plans have been worked out. Some of these may seem unwarranted to the casual observer. But this is not the view of men and women who have spent a lifetime in handling guardianship problems of one sort or another. It is no easy or casual task to ensure that the intentions of well-meaning and hospitable folk do not end in tragedy.

Appointment this week of a national advisory committee headed by Dr. R. C. Wallace, principal of Queen's University, is an important step in the right direction. By this means it should be possible to channel all newcomers—rich and poor alike—through the official organization set up by Ottawa. Those who are coming out "on their own" or through a company or club effort would be held temporarily until the authorities were satisfied that they were being properly looked after.

Such a plan may seem a slow and perhaps unnecessary precaution. In the long run it would save much trouble and hardship.

Farmers and the Income Tax

The major new war taxation so far has been imposed on incomes. That means that the levies will be paid largely in urban communities. Farmers are not income tax-payers, generally speaking. Only a thousand agrarians in all Canada pay income tax to the Dominion. The new defense contribution levy and the lower exemptions will hardly combine to increase that number very much.

At first glance this looks most unfair. Why should not the farmers share in the general sacrifices of the war, it is asked by many people.

People who recall the huge expansion in farm incomes during the past war may have difficulty in seeing why farmers are excused from these levies.

Let us look at the facts. There has been no expansion in farm income in this war. Farmers generally are much worse off. They are not being "excused" from income taxes. They just are not earning incomes large enough to come up to the minimum income brackets.

As a result of the war, Canadian farmers have seen their best markets wiped out. They hold huge surpluses of wheat, bacon, tobacco, apples, cheese, and other farm produce. Prices are still low, although prices of the goods that farmers buy are creeping upward.

If records could be coldly investigated it would be found that in recent years a large proportion of Canadian farmers have had an actual cash deficit. Not many have earned a cash income sufficient to offset depreciation on their buildings and equipment and only a rare farmer has earned a return on his investment over and above the sustenance of his family.

The next group of war taxes will probably have to be placed upon commodities, such as through an increase in the sales tax or elimination of some sales tax exemptions. Here the farmer will be hit. If, in the meantime, his income position does not improve, his sacrifice to meet the new levies will be a heavy one.

Lessons of L'Affaire Houde

Before l'affaire Houde is forgotten, one aspect of it should be noted.

Mayor Houde's internment was the result of the publicity given to his remarks and the sharp outburst of criticism of those remarks in both the English and the French press.

Had there been no publicity, it is possible that no action would have been taken against Houde at all. Yet it was only by a narrow margin that the newspapers won their fight for full revelation of Mayor Houde's disloyalty.

When the Montreal Gazette published the Houde statement along with an editorial demanding action against him, the Government ordered both articles out of the paper. But by that time the story was winging its way across the country.

The Financial Post does not quarrel with the official view that newspapers should not quote verbatim other people's seditious utterances. That is a restriction upon the freedom of the press which we regard as reasonable in wartime.

But it is a gross distortion of so reasonable a precaution to suggest that when a public man counsels defiance of war measures the incident itself should not be reported. And it is an even more dangerous invasion of the rights of the people when editorial comment calling for action against such a highly placed lawbreaker is suppressed by order of the Government.

In the Houde case, the Government eventually recognized this and newspapers were—after the first effort at suppression—freely permitted to report the incident and to comment upon it although they were asked not to report the mayor's statement itself.

But would the Government have permitted free comment, would there have been any action against the mayor, would the public have ever heard of the affair, if it had not been for the courage of the Montreal Gazette and other newspapers in telling the story and demanding action?

It is very unlikely. The whole affair demonstrated the value of cleansing publicity and the dangers inherent in governmental efforts to suppress legitimate news and comment.

The Government made a gross blunder when it sought to censor the Gazette editorial. This led to the matter being aired in Parliament, at the behest of Opposition Leader Hanson, and permitted public indignation—both against Mayor Houde and the Government—to be expressed so forcefully that something had to be done. The Gazette went ahead in its next issue and published its editorial. Houde went behind the barbed wire, as demanded. Officialdom had a salutary example of how the public values news and comment in wartime.

Add "Please"

In Ottawa the other day, one of Canada's dollar-a-year executives sat down with the vice-president of a big national organization. They were drafting a wire to Vancouver on a war matter of some urgency.

When the vice-president had written what he wanted to say, he handed it to the dollar-a-year man for his approval.

Said the latter: "Add the word 'please.'"

The vice-president thought for a minute then he said:

"Yes, I will. I've never done it before in a wire but I think it is a good idea."

Said the dollar-a-year man:

"I've been carrying 'pleases' in my pockets for years. They help a lot, especially in these war days."

Editorials in Brief

Is it a sign of the times that Britain will let her rich children come out unescorted but requires a convoy for government-assisted youngsters?

* * *

If questions and answers can help us win the war, Canada will be a lot farther ahead after the National Registration has been taken.

On the basis of 18 questions each, the Government should get more than 140 million answers from its eight million eligible citizens.

* * *

The Abbotsford, Sumas and Matsqui News of B. C. would like its name recorded among those newspapers in Canada which have raised objections to the Unemployment Insurance Bill.

In a recent issue it urged that the Government should be more concerned with measures which would give Employment Assurance, after the war.

* * *

Major General LaFleche is back in Ottawa in the panoplied uniform of his high military office. Though it is many months since he left the defense department and although he is supposed to be taking up his new civilian duties as an associate deputy to the Minister of National War Services, Hon. James Gardiner, his "frank" still appears on every piece of stationery sent out by the Department of National Defense.

* * *

In the current issue of its house organ, Ediphone, the firm of Thomas A. Edison of Canada, Ltd., ventures a guess about the sort of things our United States visitors will talk when they return after visiting Canada.

Their guess is that the cheery word, the friendly greeting, the warmth and hospitality of the folk whom they met here will loom largest.

And the moral? Simply that Canadian businessmen can do Canada a great service this year "by reminding their employees and associates of our responsibility and opportunity to guard our reputation as good hosts."

Already there are encouraging signs of a pick-up in tourist trade after the slack days of July. Much of this improvement is due directly to the nationwide efforts by Canadians, in breaking down misunderstanding and ignorance about "friendly Canada" and in making a point to be "good hosts" to our American friends when they arrive.

The Canadian Editorial of the Week

To Defend America

Vancouver Sun

Throughout Canada there is a rising demand for some definite military understanding between this country and the United States for the defense of North America. This is not surprising. The only surprising thing is that the understanding does not already exist.

The Canadian Government has been weak and timid in handling this problem from the start. Two years ago this newspaper revealed for the first time that conversations had taken place between Canadian and American staff officers in Washington to plan the defenses and gun emplacements of the Straits of Juan de Fuca. The Canadian Government obviously was upset at this disclosure and feared that many Canadians would resent any exchange of technical information with our neighbor.

Instead, Canadians unanimously agreed that it was a sensible arrangement. Anything less, any refusal to place our defenses so as to complement those of the United States, would have been plain lunacy.

Apparently, however, the exchange of military information in the joint project of defending this continent stopped at the Straits of Juan de Fuca. So far as Canada has been informed, no further technical consultations have been held. To the ordinary man, who is not interested in political calculations, this is almost incredible. We trust it is not true.

There are still a few Canadians who feel that by making plans against invasion with our American neighbors we are somehow indicating a lack of support for Britain.

The contrary, obviously, is the truth. At the last Imperial Conference Britain requested the Dominions, as their first duty, to assume responsibility for their own defense. Can anyone argue that the defense of Canada can be planned without the co-operation of the United States? Does anyone suggest that Britain would not welcome the closest possible co-operation between all parts of the Empire and the United States? Indeed, is it not true that herein lies the real hope of the whole democratic system?

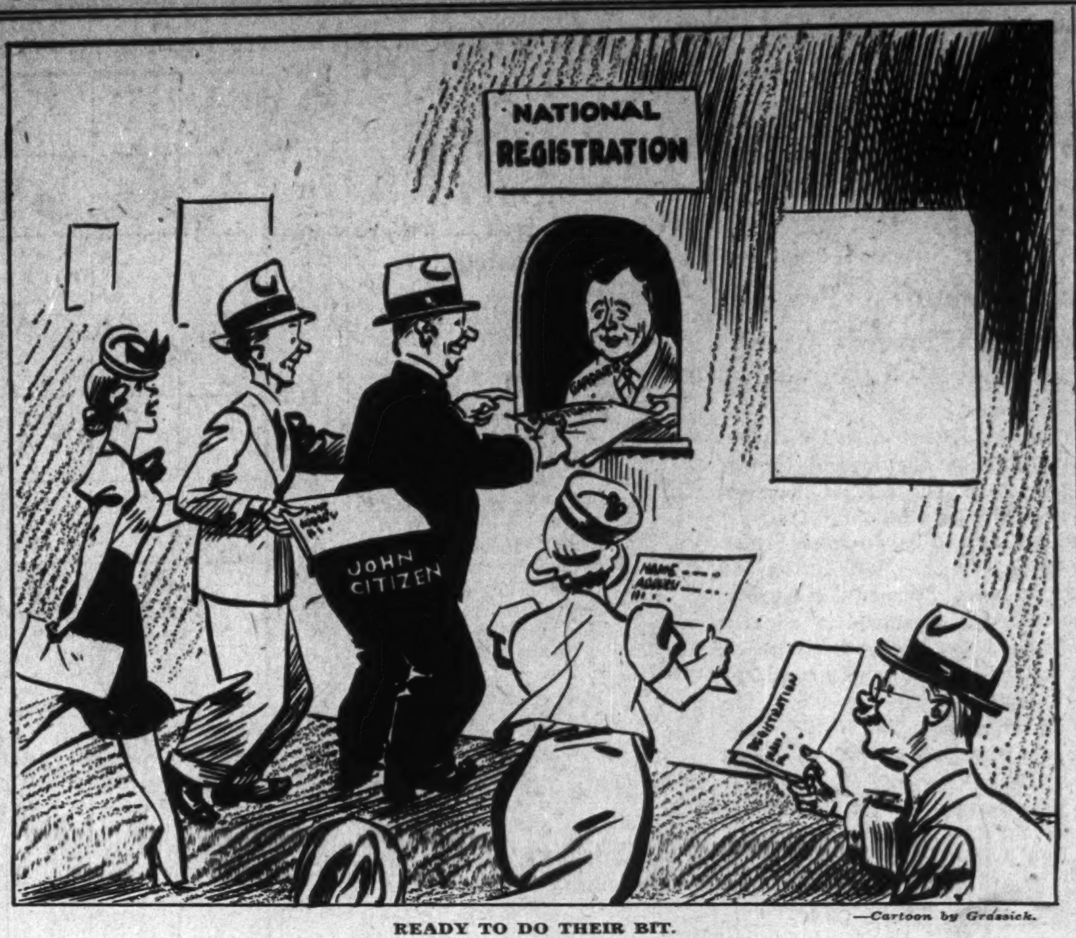
The Canadian Government, we believe, has been deterred unnecessarily by the protests of a few Canadians who have not thought our problem through. If it were to announce boldly tomorrow that its military experts had laid down defense plans in collaboration with the American general staff, we believe that a vast majority of Canadians would applaud it. If the Canadian Government does not deal with this problem vigorously and without further delay, a vast majority of Canadians will demand to know why.

Sayings of the Week . . .

"England is far more than just the island. It is empire and a civilization and will be as long as there is sky and sea."—*Noel Coward.*

* * *

"All refugees have trailers nowadays."—*Duchess of Windsor.*



READY TO DO THEIR BIT.

—Cartoon by Grassick.

Post-Scripts . . . . .

New "M.G.O."

To the people of Winnipeg "The Bay" is a handsome departmental store building on Portage Avenue at Memorial Boulevard. That is what the Hudson's Bay Company means to city shoppers. But the less pretentious building on Main St., near the Union Station, is the North American head office of a business that has kept abreast of the times for 270 years. That is a record among commercial firms, challenged only by the tenure of the East India Company. A firm that has thrived since 1670 must "have something."

PHILLIP CHESTER

* * *

It is in this Main Street building that one used to find Phillip A. Chester, in the office of general manager for North America. That is, if he was not away on an airplane visit to the company's branch at Vancouver, Edmonton, or, say, Coppermine. Phil Chester is Exhibit No. 1 in an answer to what the Hudson's Bay Company has that other firms would like. He has rare talents in large-scale merchandising, vision and executive ability.

Now Mr. Chester has accepted the job of acting master general of ordnance in the Department of National Defense.

* * *

Col. J. L. Ralston has broken tradition in many ways since he took over the Defense Department, and none so much as in choosing a civilian for the job of master of ordnance. It is the "M.G.O." who must organize the army's needs from summer underwear to heavy artillery. The job usually carries the insignia of a brass hat, but there will be no saluting or red tape in the way of quick results with a capable civilian on duty. Mr. Chester will assume no military rank. Will serve his country as a civilian on a "dollar-a-year" basis.

While Phil Chester is a front-rank Canadian merchandiser, he has rarely been in the public eye.

Newspapermen found that out in 1939, when King George VI visited Winnipeg and accepted the company's ancient rent of two elk and two black beaver. Mr. Chester personally arranged most of the details of that striking ceremony, but when the event took place he remained in the background.

* * *

He is 44 years of age, and looks much younger. He was born in England, and served with the British army in the last war. He was demobilized with the rank of captain, and joined the Hudson's Bay Company. He married a Canadian girl, the former Isabel Ivey, of London, Ont. They have two children. In 1930 he was appointed general manager of the company.

He is tall, grey-haired and clean-cut. As master of ordnance, his friends think, he will produce the results wanted by Col. Ralston as quickly and as efficiently as any one who could have been picked for the job.

* * *

Maritime Waiters

Do you remember, a few weeks ago, we told on this page the story of how George James, editor of the Canadian Statesman, Bowmanville, once mistook Hon. Angus Macdonald for the head waiter of the Nova Scotian hotel at Halifax?

It was a good story, vouched for by Mr. James, whose veracity we have never had reason to question.

But apparently this story didn't "go down" with the editor of the Porcupine Advance. Says this Timmins semi-weekly:

"It is a pity, no doubt, to spoil a good story, but this one seems to rouse doubts on a couple of points. Editor James has travelled very widely on this continent and across the sea, but where is the Nova Scotian who will admit that there are even headwaiters in any land or clime handsome enough to justify the alleged error made by the Bowmanville editor? When shown the story a local gentleman who was born in Nova Scotia said:

"'I once saw a waiter in the Albany Club who was distinguished enough to be mistaken for a party politician, but Angus Macdonald could never be mistaken for a "waiter." He has the distinguished look of a man who doesn't wait, but hurries things along to success. That's Angus! It's more likely that the Bowmanville editor mistook a head waiter for Hon. Angus. All the Nova Scotia waiters are distinguished looking and gracious—gracious enough to flatter a stranger and flatter themselves by accepting a mistake for the truth.'"

* * *

Industrial Salesman

Thirty years ago a young man of 28 named Robert Magor went to New York as assistant manager of an almost defunct railway car company. The property was at Passaic, N.J. Much of its plant had been destroyed by fire. "You couldn't even raise $8,000 on the plant. The preferred stock was worth about 25 cents a share."

R. J. MAGOR

Within a few years prosperity had returned. In a few years the firm paid over $1,000,000 in profits tax alone. There was cash in the bank. There were dividends to shareholders. To Bob Magor went the lion's share of credit. He became president. He is still president of this Magor Car Co.

* * *

Meanwhile, in 1919, a company known as National Steel Car, which had started auspiciously in Hamilton in 1912, had run into difficulties. Bob Magor took it over. Today that company has assets of more than $12 millions. It has big plants at Hamilton and at Malton.

Through this Canadian company, Robert Magor is today playing a vital part in Canada's war effort. There is a brand-new $1.5 million shell plant erected for the British Government and now speeding into new high production records every week. There is a vast and expanding aircraft plant at Malton now busy on parts for Handley-Page "Hampden" bombers and Westland "Lysander" army co-operation planes. The company's plant investment at Malton alone is $2.5 millions.

* * *

Bob Magor was born in Montreal in 1882. His first job as a lad of 15 was with the Salada Tea Co. Ten years later he started as an apprentice in the shop of Canadian Car & Foundry Co. at Montreal. He stayed there for four years and then went to New York. (His wife is a New Yorker, but his home for some years now has been in Montreal.)

Robert Magor's sales instinct has carried him all over the world in search of new things to do and make. His railway cars have been shipped to every continent. Even before he sensed the ominous beat of war drums and headed for England in quest of munitions business in 1936 he had diversified his interests to include motor boats, auto chassis, snow plows, dump dump wagons, boats.

* * *

Four years ago he opined that more serious things were afoot. Eager to be selling and expanding he decided to settle down in England for five months and work hard at getting for his companies a share in the British rearmament programme.

By the fall of 1936 Mr. Magor had obtained not only an educational order for 520,000 25-lb. shells from the British Government, but he secured the right to manufacture in Canada the Westland "Lysander" army co-operation plane.

He wanted to make tanks as well. But despite extensive armor plate and other "educational" tests he found no willingness at this time to extend into Canada the manufacture of armament.

* * *

By 1938, when a small order for Lysander planes was given by the Canadian Government, the company started erection of its new airplane division adjoining the Trans-Canada Airport at Malton—20 miles northwest of Toronto.

Meanwhile the company had been gaining experience, not only in 25-lb. shells, but in three other types required by the British Government. Mr. Magor had also had his aircraft expert in England for a year and a half prior to 1938 to study the manufacture of the Lysander plane. When war broke, the company was well fitted to get into high gear.

A further extension of the National Steel Car war effort was the inclusion of the company as a constituent part of the British-sponsored Canadian Associated Aircraft Ltd., which produced last week its first Hampden "bomber" plane.

One secret of Mr. Magor's preparedness is that he is impatient of red tape and delay. He boasts that expansion of his plants both for aircraft and shell production has been done without waiting for the formal signing of contracts.

* * *

Marine Lawyer

Frederick W. Grant, president of Canadian Dredge & Dock Co., Hamilton Bridge Co. and Midland Simcoe Elevator Co., claims he got into the marine, shipping and elevator businesses by accident. In 1902 he graduated from Osgoode Hall Law School in Toronto and was offered a position with a leading legal firm in Winnipeg. Illness of one of the partners of this firm delayed the appointment for a period. In the meantime Mr. Grant was persuaded to go to Midland, Ont., and start a temporary legal practice of his own. This Midland venture developed so favorably that he never went to Winnipeg.

F. W. GRANT

Favoring the rise of Midland's youngest lawyer in the early 1900's was the presence in that then flourishing town of another young man just getting started on a remarkable business career. The late James Playfair had come to Midland a year or two earlier and started in the lumbering business, then an important industry on the south shores of Georgian Bay.

Mr. Grant formed a connection with Mr. Playfair which was to take both of them to considerable prominence. Lumbering around Midland played out before many years and Mr. Playfair and his associates turned to shipping. In a few years they had built up a large fleet, which was sold to the Canada Transportation Lines, Ltd., the first large merger of Canadian Great Lakes shipping interests.

* * *

Mr. Playfair almost at once started to build up another fleet of his own and by 1926 again controlled a large fleet of lake vessels, many of which had been built in his own shipyards at Midland, and a grain elevator. This organization, as well as his share in the George Hall Coal & Shipping Corp., Montreal, was sold, largely for cash, to the present Canada Steamship Lines, Ltd., in 1926. This company had succeeded the old Canada Transportation Lines.

During all this period F. W. Grant had been closely associated with Mr. Playfair, becoming one of the few lawyers in Canada specializing on marine law.

When the Playfair interests sold out to Canada Steamship Lines in 1926 Mr. Grant came to Toronto and formed the Canadian Dredge & Dock Co., engaged in general dredging work and other marine work, chiefly on the Great Lakes-St. Lawrence waterway. One job which was financed and completed by Mr. Grant and his associates was the Saint John Drydock & Ship-

His connection with Hamilton Bridge Co. is a more recent affair. Mr. Grant had made a substantial investment in this company's preferred stock, a security which has had a somewhat chequered career. When this company's financial problems threatened its existence.

Mr. Grant, who was then a director, was asked to make a study of what could be done to rehabilitate the company. The result of this was a reorganization plan, finally completed in 1939. Mr. Grant had been asked to take the office of chairman of the board, partly to bring younger blood to the board, and partly to assure adoption of the reorganization which had largely been his own work. On the death this year of the former president, W. B. Champ, he also assumed the office of president.

Mr. Grant was born in Ingersoll, Ont., in 1879, son of Rev. and Mrs. R. N. Grant. He was educated in Orillia schools and Osgoode Hall. Called to the bar in 1902 he was created a K. C. in 1932.

In the last war he served with the 48th Highlanders, attaining the rank of major. He is married, with two children and a member of the Midland and Rosedale Golf Clubs and the Ontario Club.

As Others See Us . . . .

Too Many Chores
Charlottetown Guardian

Administration of civil aviation, meteorological and radio services, broadcasting and Trans-Canada Air Lines have been taken away from the Department of Transport and vested in the Department of Munitions and Supply headed by the Hon. C. D. Howe. Mr. Howe, as the former Minister of Transport, gave up the railways and, as it is freely said on Parliament Hill, much against his will.

Control of the Department of Munitions and Supply, points out The Financial Post, is a fulltime job. Why then should the minister take on such responsibilities as civil aviation, meteorological and radio services, broadcasting and Trans-Canada Air Lines?

Short Wave
St. Catharines Standard

A very frequent question following the broadcast over CBC by Miss Dorothy Thompson and that by Frederick Birchall was whether these terrific verbal bombardments against the Nazi bestialities would be heard abroad. The fact is that Canada has no short wave station, and these broadcasts were very limited in their radius. A short wave station, as submitted by The Financial Post this week, would have ensured reception in South America, the West Indies, other parts of the Empire and across the United States.

To date in this war the Nazis have shown supreme radio ability and finesse. Their propaganda psychology is admittedly far in advance of what it was in the last war. Most of the time Goebbels has been one up, not that he gets anywhere with British people or well informed neutrals. But to that mass of ignorant and uninformed conglomerate, who are affected and influenced by what they hear incessantly, results are achieved.

As The Financial Post reflects, the need for a short wave station in Canada was never greater than now. The voiceof democratic free peoples should be carried abroad. It should be routine, from day to day.

Other People's Views . . . !

Mr. King's Leadership
Windsor Star

Rt. Hon. W. L. Mackenzie King has been leader of the Liberal Party for 21 years.

But posterity is likely to judge the Prime Minister by the leadership he gives Canada in the next 21 months, rather than that of the past two decades.

Men Made-Over
Cornwall Standard-Freeholder

A good many of the boys who have enlisted in the army or air force drop into our office from time to time while home on leave. We are always struck by the difference wrought by weeks of army or air force routine. It is not all in the uniform. It is in their carriage, in the purposeful way they walk, in the uplifted chin and squared shoulders. There is a different look in their eyes, too, a look of pride and self-respect and determination.

The physical change is immediately apparent in almost every man who has joined the ranks, but there is more to it than that. It is the inward change that really counts. These boys have a job to do, the biggest job anyone could be called upon to do, and they are ready, willing and anxious to get at it. They have found in the King's service an opportunity to work out their destiny.

They are men made-over, men reborn. A uniform has given them a chance to find themselves.

Western Security
Winnipeg Free Press

Cordell Hull, the U. S. Secretary of State, at close of the Havana Conference professed himself as satisfied that the meeting had cleared the decks for action that might be necessary to meet dangers to hemispheric security and economic independence.

That is perhaps an over-statement if it is meant to include all the American nations as being of one mind; but it does make it plain that the United States has very definite defensive policies which she is prepared to enforce by her own strength, with such assistance as may be forthcoming from the other republics.

The Conference has thus been an event of some importance, but Mr. Hull and his advisers doubtless know that, even on a maximum interpretation of its value, it does not give the United States or the Western Hemisphere any satisfactory assurance of security. That can only come from the defeat of Nazism towards which the isolationism of the American republics makes no effective contribution.

Stop Me If . . . .

Down in Canada's seaswept "Eastern port" they are telling this story:

The commander of the company, making a night tour of the camp, was challenged by a sentry who had been standing at his post for two hours in a driving rain.

"Who's there?" called the sentry.

"Friend," replied the C.O.

"Welcome to our mist," said the sentry.

Week in Business

Business Level Boosted By First Year of War

Strength and Activity Comparable With Pre-Depression Years Result From War Conditions and Closely Controlled Mobilization of National Resources

Nearing the first anniversary of the present war, Canadian Business continues to show strength and activity on a par with pre-depression years. Such braking factors as the stagnant stock markets have already been more than offset by the increased scope and tempo of business activity generally. Most signs point to a scale of operations and business volume that will be maintained if not increased in coming months.

The expansion and faster pace of business are not fully reflected in current weekly indices of business activity. The index of the Dominion Bureau of Statistics for the week ended August 3 edged fractionally above the preceding week, but was below two weeks before and a full point below the comparable week in 1939. Study of the component factors on which the index is based shows the decline in the yearly comparison was due to marked drops in the figures for bond yields, bank clearings, and stock trading and prices.

But the separate indices on carloadings and wholesale prices are 15 to 20% ahead of a year ago. And the inclusive, broader-based monthly index of The Financial Post stands at a level 20% above a year ago and 8% higher than 1929.

This is more closely indicative of the broad upturn in volume of primary and industrial production, widened commercial activity, and expanded operations in such industries as construction.

• • •

The vigorous acceleration and more particularly the healthy stability of Canada's business machinery are partly the result of factors other than the natural impetus arising out of war conditions. The tremendous speeding up of Canada's war effort in the realms of recruiting, training and war supply has of course provided a major primary stimulus. But in addition, the steps taken by the Government and its agencies to mobilize and control the nation's vital resources for war have been a powerful influence. Carefully planned measures have been taken to expand national productivity, augment national income, and conserve financial and economic resources.

Such success as has been achieved by controls over exchange, banking, taxation, prices, production and consumption inevitably has contributed to the increased and steady pace of business. The injection of such factors into the business picture and the measure of success in achieving objectives have begun to attract attention. The August bulletin of A. E. Ames & Co., for instance, notes some of the major economic objectives developed by Canada's war effort and the principal means adopted to achieve them. The bulletin comments:

"Whether or not they are being fully emphasized, they do represent a considerable advance in policy after less than a year of war, as compared with the same period in the last war." It is pointed out that the business volume index and those of the chief factors composing it appear to reflect a considerable degree of success for the war measures.

• • •

The business horizon is not, of course, without its clouds, which may develop into factors tending to curtail or slow the pace of future business advances. There seems no immediate prospect of the security markets climbing out of the doldrums or of prices advancing materially, and this naturally restricts volume of money in circulation. Smaller volume of tourist trade and the curbs on normal exports must inevitably affect the business and economic picture as a whole, and reduce somewhat the net effect of increased production and government spending.

Major problem in the export field is what Canada is going to do with her huge surplus of wheat, the markets for which have been cut off by war. With British exports and domestic consumption able to absorb only a portion of the carryover plus the new crop, and farmers being paid to keep grain on their farms, the excellent harvest now being reaped out West is far from being the encouragement to business it would normally be.

Business Indicators

Current business holding steady at level of recent weeks, though D. B. S. weekly business index pulled below last year's level by declines in bond yields, stock prices and trading, and bank clearings. Index for week ended Aug. 3 up fractionally over preceding week.

Coal production in June approximately the same as year ago; cumulative for year to date up about 20%.

Carloadings volume maintaining gains, showing advance of nearly 20% in week ending Aug. 3 over same week last year; total for year to date up 17%.

Railway gross revenue still recording substantial gains, with combined returns for two major roads for week of Aug. 7 up 30% over last year; C. N. R. increase most pronounced in both percentage and amount. For year to date C. N. R. is up 32%, C. P. R. up 24%.

Cattle sales showing marked expansion, July volume being up 30% over 1939 and lifting cumulative for year to date 3.4% over last year.

Hog sales greatly increased, returns for July reflecting rise of nearly 80%.

Raw rubber imports sharply curtailed, with June total down nearly 60% under the same month of 1939.

Trend of business shown by The Financial Post Business Index and following key factors, new items for the week being marked thus ▪.

TREND OF BUSINESS—	Aug. 3	July 27	July 20	July 13	Aug. 5/39
Weekly index of business, D.B.S.	102.6	102.2	102.7	102.4	103.6
Commodity prices index no	82.1	82.0	82.0	81.7	72.3
	June	May	Apr.	Mar.	Year Ago
The Financial Post business index	•141.7	136.2	133.5	129.5	118.8
Retail sales index no.	93.8	89.0	86.9	83.7	80.9
Dept. store sales index no.	80.2	82.3	84.6	76.6	72.1
Wholesale sales index no.	117.6	127.0	107.5	97.1	106.1
Country store (% change pr. yr.)	+8.3	+8.5	+6.8	+8.8	—7.7
EMPLOYMENT Index Nos., D.B.S.	July 1	June 1	May 1	Apr. 1	Year Ago
All industries	124.7	120.9	114.3	111.9	115.8
Manufacturing	130.3	129.2	125.7	123.4	111.3
Wage earners, no. 000s	....	....	2,489	2,353	2,329
Living costs weekly budget	....	$17.72	$17.85	$17.76	$16.92
			Jan. 1 to date		%
RAILWAYS—	1940	1939	1940	1939	Change
▪Carloadings (week Aug. 3)	53,261	45,320	1,574,119	1,345,111	+17.0
▪C.N.R. gross (week Aug. 7)	$ 4,464,381	3,405,571	140,540,964	106,650,749	+31.8
▪C.P.R. gross (week Aug. 7)	$ 3,429,000	2,615,000	94,118,000	76,079,000	+23.6
C.N.R. net revenue (June)	$ 3,561,206	•12,096	16,200,083	•505,417	.....
C.P.R. net revenue (June)	$ 2,923,054	1,063,318	12,636,006	5,351,343	+136.1
IRON AND STEEL—June—					
Pig iron production (tons)	88,656	52,805	549,627	296,521	+85.5
Steel ingots and castings prod. .... (tons)	166,213	107,902	958,246	580,141	+65.1
AUTOMOBILES—(Number)—					
Passenger Cars:					
Domestic sales* . (June)	12,618	8,620	69,622	54,509	+27.7
Factory output .. (June)	8,739	10,585	72,286	69,968	+3.3
Trucks and Buses:					
Domestic sales* . (June)	3,112	2,338	17,178	13,474	+27.5
Factory output .. (June)	9,191	3,930	38,626	23,787	+62.6
Exports .... (May)	4,276	5,496	19,594	28,717	—31.8
Financing:					
Used .... (June)	$ 4,859,310	4,259,442	21,453,373	18,230,228	+17.7
New .... (June)	$ 4,018,905	3,246,659	19,807,227	15,617,916	+26.8
CONSTRUCTION—					
Contracts awarded . (July)	$ 29,305,600	22,129,700	154,741,100	105,575,600	+46.6
▪Cement prod., bbls. (May)	731,947	550,890	1,799,168	1,267,776	+41.9
AGRICULTURE—					
Flour prod., bbls. .. (June)	1,170,238	1,187,875	7,567,572	6,822,351	+10.9
Flour exp., bbls. ... (June)	509,308	401,189	3,752,006	2,223,298	+68.7
Wheat exp., bush... (June)	13,570,107	14,637,016	67,702,282	51,313,467	+31.9
▪Cattle sales▲ ...... (July)	106,634	82,777	556,194	537,938	+3.4
▪Hog sales▲ .... (July)	372,204	207,544	2,696,636	1,791,360	+50.4
SEA FISHERIES—‡					
Catch cwts. .... (June)	805,000	975,800	4,740,650	3,873,750	+22.3
Landed value ...... (June)	$ 1,744,400	2,240,000	6,290,600	6,053,850	+3.9
NEWSPRINT—					
Production, tons ... (June)	315,343	240,545	1,641,987	1,341,064	+22.4
Exports, tons ...... (June)	320,654	244,655	1,505,142	1,215,117	+23.8
MINING AND OILS—					
▪Coal prod., tons ... (June)	1,128,195	1,090,728	8,175,492	6,816,291	+19.9
Coal imports, tons.. (May)	2,372,411	793,212	4,313,023	2,494,295	+72.9
Gold prod., fine oz. (May)	442,521	432,359	2,120,765	2,055,662	+3.2
▪Crude oil prod., bbl. (May)	676,486	713,947	3,025,931	2,549,930	+18.6
Crude oil imp., bbl. (May)	4,864,457	3,643,726	11,238,400	9,753,800	+15.2
ELECTRIC POWER OUTPUT—June—					
Total monthly, 1,000 kw.h.'s	2,578,883	2,245,537	14,968,503	13,744,252	+8.8
FOREIGN TRADE—♦					
Imports .... (June)	90,704,835	63,709,402	496,100,785	321,079,319	+54.5
Exports .... (June)	111,621,656	77,569,799	553,711,029	408,466,341	+35.8
OTHER INDUSTRIAL FACTORS—					
Dressed lumber exp.:					
1,000 bd. ft. .... (June)	246,477	205,851	986,305	929,854	+6.0
Shoes, prod., pr. .. (June)	1,750,984	1,850,673	12,725,941	11,249,771	+13.1
Cotton imports, lb. . (Apr.)	18,300,000	4,467,000	80,174,000	25,142,000	+219.2
▪Raw rubber imp., lb. (June)	2,322,194	5,427,972	40,634,419	30,627,709	+32.6
Cigarette cons. No.† (June)	571,268	657,890	3,696,568	3,293,212	+12.2
Sugar manufactured .. lb.§	99,553,443	85,837,830	483,403,070	387,788,743	+24.7
FINANCE—					
Bank debits† ...... (June)	$ 2,681,585	2,831,082	17,001,690	15,133,304	+12.3
Bond sales† .... (June)	$ 40,593	105,458	1,139,218	799,570	+42.5
Life insurance sales (June)	$ 28,530,000	32,226,000	18,368,000	178,385,000	+5.5

*D.B.S. All Canada figure covering over 90% of the Canadian total.
†000's omitted. §For four weeks to July 13, 1940. ♦Gold excluded.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. •Final.
▲Total at yards and plants. •Deficit.
New items for week marked ▪

More Tourists Coming Here

Passport Flurry Pretty Well Past—Influx Now Climbing

From Our Own Correspondent

OTTAWA.—Reports from many parts of Canada show an encouraging upward trend in tourist travel.

Since mid-July and especially since Aug. 1, the flow of U.S. visitors, checked at the time of the passport flurry of six weeks ago, has shown marked improvement. Apart from automobiles crossing the border for a period not exceeding 48 hours, the figures suggest that tourist trade is slowly but surely moving back toward normal.

Latest official figures covering the month of June and the first six months of 1940 are surprising in view of much of the "defeatist" propaganda of recent weeks. For example, 337,500 motor cars entered Canada between Jan. and June, 1940, for a period "not exceeding 60 days." This is a decline of only 4% from the corresponding figure of 1939.

Weekly figures available on a preliminary basis show also that losses recorded early in July are disappearing. Reports coming to The Financial Post from a score of border points indicate that American license plates are flashing by in good volume.

Two Reasons Given

Two reasons are given for this:

For one thing, the nation-wide effort on the part of citizens generally to break down "scare" stories about Canada at war, is showing very positive results. From Toronto, for example, over 600,000 pamphlets have been distributed by one voluntary group in Canada and the United States. This has been supplemented by billboard advertising, radio programmes, house organs, announcements, etc.

Similar efforts in a number of key Canadian cities have met with extraordinary success.

Another important fact is that early holidayers are going back to the United States and spreading the gospel of "friendly Canada." Now that the "passport" scare has been laid low and arrangements have been made to permit American hunters to bring their guns into Canada, it is hoped that the way will be clear for a steadily improving situation for the balance of the year.

Visit of U. S. Editors

One important undertaking, sponsored by the Canadian Weekly Newspapers Association and other interested bodies, is a visit to Canada this week of a group of representative U. S. newspaper editors. The response to this invitation indicates the eagerness of American newspaper men to visit Canada and look the situation over for themselves

The editors are being given a chance to visit some Ontario beauty spots, see the "Quints" and also obtain from Ottawa and Camp Borden a first hand knowledge of Canada's war effort.

HAYES STEEL GETS S. L. P.

Hayes Steel Products Ltd. has been granted supplementary letters patent dated July 26, 1940, confirming the capital changes recently approved by shareholders.

Keeping Posted . .

By J. C. KIRKWOOD

JOHN C. KIRKWOOD

Some houses today, both large and small, are "functional"—being designed to meet the occupants' daily needs. Floor plans are worked out to serve, not enslave, the household. Pompous exteriors designed to impress neighbors are definitely oldhat. Grandiose style and unsanitary lush-plush interiors that went with it are on the wane. So speaks the editor of Canadian Homes and Gardens in its August issue, and it is good hearing.

He goes on to say: "The paramount factor is the plan — the manner in which a given space is utilized to fullest advantage. Outward and visible style is still important, of course, but the old method of starting with a pre-determined facade and cramming the regulation eight rooms in the space behind it is no longer quite good enough."

This August issue of Canadian Homes and Gardens is dominantly one of Houses and Plans. Titles of illustrated articles are: For a Ravine Site; Native to its Neighborhood; In a Country Setting; Accent on Entrance; French Canadian Type; Compactness is a Virtue; Colonial Influence; and Planning the Living Floor.

So be sure to get this sane, attractive and helpful issue of Canadian Homes and Gardens.

• • •

The Narrow Store

A narrow store is no handicap to business, provided it boasts an attractive, modern front, proper lighting, and well-planned arrangement inside. Authority for this is Joe Feller, proprietor of The Esquire Shop, Ottawa.

The Esquire Shop is only 12 ft. wide. It has a depth of 75 ft. Near the front entrance is the tie bar with glass-topped drawers below for displaying additional stock. Mr. Feller has ideas about the location of stock. "I believe," he says, "that the best policy is to display your clothing at the back of the store, and your shirts, ties and other accessories up front."

Mr. Feller himself is a young man, and has a young man's enthusiasm. He is ready to share his experience and ideas with all others in his line of business, or planning to open up a men's wear establishment. Thus, he says: "A young man building up a business has to devote considerable time to planning. The more he knows about the merchandise he is selling, the better, because customers these days are more discerning and are given to asking questions. Today, in most cases, it is quality that counts. One has to keep one's brains active all the time thinking up new methods of stimulating business, ways and means of getting customers into the store, and selling them as much as possible once you get them in."

Besides a good "story" about the Feller shop, there is, in the August issue of Men's Wear Merchandising, a good picture of it, showing the tie bar, the shelving, and other features.

• • •

Modernizing

Ottawa retailers are backing up in a very creditable way what civic and national departments are doing to make Canada's capital a city of attractions. They are modernizing stores in increasing numbers. They are convinced that the purchasing public gives its custom in largest volume to stores which pay it compliments, and one compliment is a store whose exterior and interior give pleasure to the senses.

A recently modernized grocery store is Kavanagh's—the oldest grocery establishment in Ottawa—dating back to 1869. To celebrate their 71st birthday Kavanagh Brothers moved into a new home—one incomparably different from the original of the days when Confederation was still in swaddling clothes—the days, in the language of Canadian Grocer, of "the scoop and the scale, the pot-bellied stove and the cracker barrel."

Present proprietor of the store—founded by Frank and Michael Kavanagh—is A. B. Kavanagh. Mr. Kavanagh became reminiscent and reflective when he was interviewed by a Canadian Grocer reporter, and he had much to say about the new ways of shoppers and shopping as contrasted with those of the horse-and-buggy days. "More than 50% of our business is transacted over the telephone," said Mr. Kavanagh. "Many of our patrons are absolute strangers. We have one very influential customer who has been dealing with us for 28 years and has never been inside the store.

On credit, Mr. Kavanagh said that 10 or 15 years ago some accounts ran as high as $1,500 before settlement. Recently there has been a marked change. Some customers insist on paying their bills every week. People have become cash conscious.

Kavanagh Brothers retain the old brass scales and tea canisters that have been in use in their stores since 1869. Antique interest value!

• • •

Imagination

Imagination is possessed in exceptional measure by a hardware dealer in Three Rivers, Quebec. His store window advertised Lion Brand rope. He made a child's swing, usual wooden seat and rope suspenders. He put a big doll on the swing—a doll holding a toy lion. And a sign in the window said: "This 30-foot swing will be given away free at 5 o'clock Saturday afternoon to the boy or girl not over 16 years of age who comes closest to guessing the correct number of yards in one of the three strands of this rope."

This window sold many swings, and it caused so much conversation that men bought rope for other and more utilitarian uses.

Consumers Cordage Co., makers of "Lion Brand" rope, told the story in a full-page advertisement in Hardware and Metal.

Monthly Trade Report Issue Suspended

To prevent information reaching the enemy, regarding the movement of strategic commodities, the Dominion Bureau of Statistics announces suspension for the time being publication of the Monthly Report of the Trade of Canada, as from the issue for April, 1940.

B.C. Lumber Mills Orders Heavy

Capacity Strained By Prairie, Export and Defense Business

From Our Own Correspondent

VANCOUVER.—British Columbia lumbermen expect to sell about 30 million feet of lumber to the prairies during the next few months, largely for construction of emergency storage for surplus grain.

The Line Elevators Association alone will account for about half this volume, according to Cecil Lamont, director.

Timber Controller H. R. MacMillan is understood to be working on a plan that will enable lumbermen to take care of prairie requirements as well as those of the United Kingdom and of the Canadian defense projects.

Production of big timbers for Canada's airplane hangars represents one of the biggest jobs now before the industry on this coast.

B.C. Farm Crops At High Level

From Our Own Correspondent

VANCOUVER.—Value of British Columbia farm crops last year was the highest since 1928, exports showing an increase of 8.9%.

Total value of agricultural production was $49,402,011, an increase of 3.4% over 1938, according to figures of the provincial government.

Sales of farm animals, dairy products, fruits, grains, root crops, hops, seeds, fur farming and nursery stock all showed gains. Poultry products, fodder, honey, tobacco and vegetables were down in value.

Most important advance was in fruit, value last year being $8,123,611 compared with $7,507,796. The apple crop alone was worth $5,151,413.

Can. Colonial Airways Traffic at High Point

From Our Own Correspondent

MONTREAL.—Canadian Colonial Airways reports 1,038 passengers carried in July, compared with 943 in June and 922 in May. Total number of passengers carried in the first seven months this year amounted to 5,976.

Passenger traffic for both the limited and incorporated companies of Canadian Colonial Airways totalled 3,122 in July compared with 3,068 in June and 1,678 in July, 1939. Cumulative total for both companies for the first seven months this year was 17,727 as compared with 5,962 for the like 1939 period.

SUGGESTIONS FOR INVESTMENT

The personal requirements of the individual in investment matters constitute an important feature of our investment service. This service is available without obligation at any of our offices.

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Offices at Toronto, Montreal, Ottawa, Hamilton, London.
Correspondents in New York and London, England.

Housing Loans Decline By 40% in Month

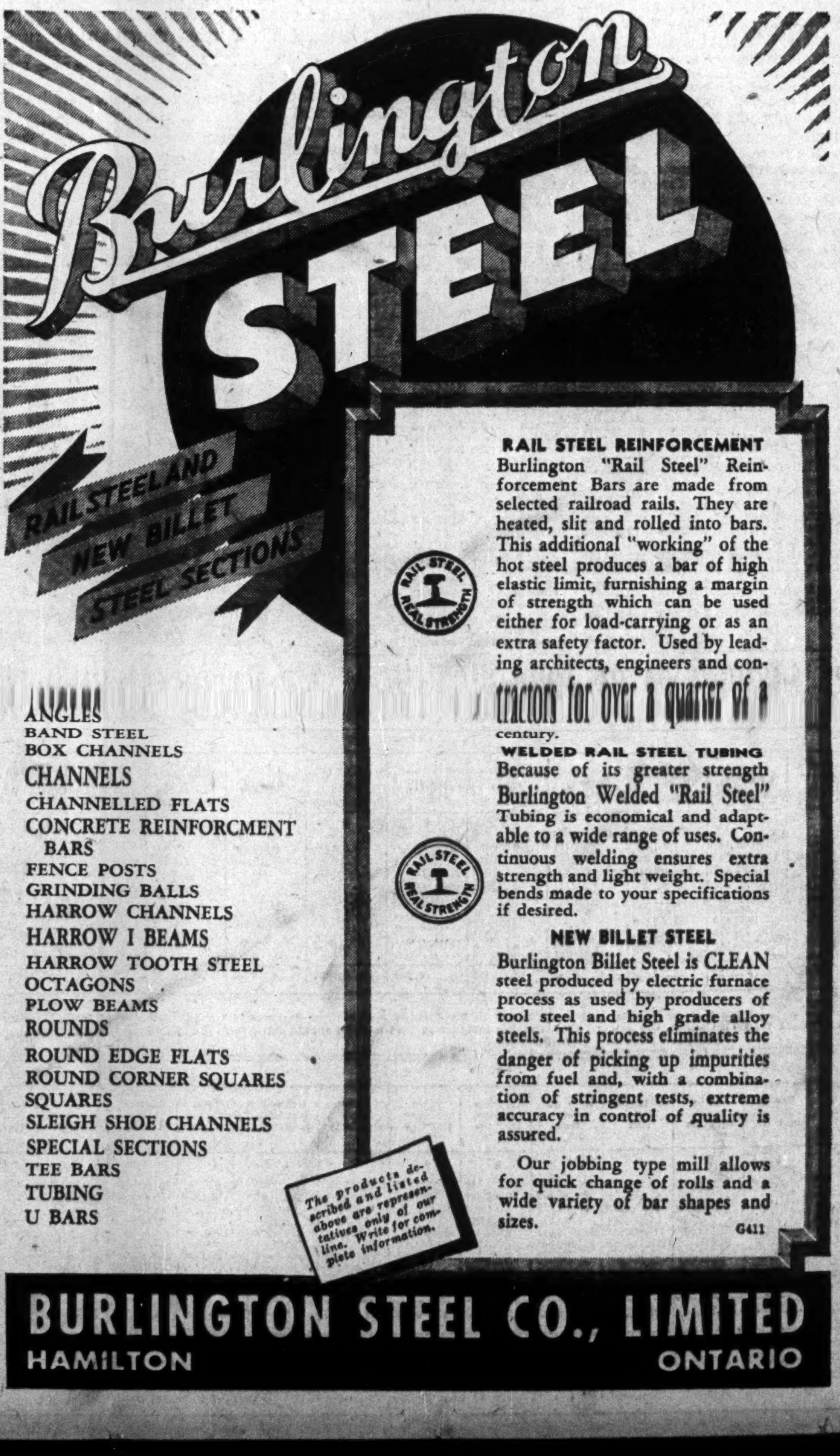
Decline of over $1 million or about 40% is shown in volume of loans under the National Housing Act during July, in comparison with the same month last year. This is partly due to the fact that July, 1939, was an exceptionally active month in regard to N.H.A. loans, partly to current restriction of loans to those for single family houses only.

Amount of loans in July was $1,705,670, which compares with $2,771,501 in July of last year. Lending facilities were extended during the month to six communities hitherto unserved. Cumulative total of loans under the Housing Act since 1935 now stands at $60.2 millions.

CONSOLIDATED DIVERSIFIED

From Our Own Correspondent

MONTREAL. — Consolidated Diversified Standard Securities Ltd. has informed the Montreal Curb Market that on July 31, 1940, net asset value of the company's preferred stock amounted to $17.97, as against $16.73 on June 30, 1940, and $20.62 on July 31, 1939.



Burlington STEEL

RAIL STEEL AND NEW BILLET STEEL SECTIONS

ANGLES
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BOX CHANNELS
CHANNELS
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CONCRETE REINFORCMENT BARS
FENCE POSTS
GRINDING BALLS
HARROW CHANNELS
HARROW I BEAMS
HARROW TOOTH STEEL
OCTAGONS
PLOW BEAMS
ROUNDS
ROUND EDGE FLATS
ROUND CORNER SQUARES
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RAIL STEEL REINFORCEMENT
Burlington "Rail Steel" Reinforcement Bars are made from selected railroad rails. They are heated, slit and rolled into bars. This additional "working" of the hot steel produces a bar of high elastic limit, furnishing a margin of strength which can be used either for load-carrying or as an extra safety factor. Used by leading architects, engineers and contractors for over a quarter of a century.

WELDED RAIL STEEL TUBING
Because of its greater strength Burlington Welded "Rail Steel" Tubing is economical and adaptable to a wide range of uses. Continuous welding ensures extra strength and light weight. Special bends made to your specifications if desired.

NEW BILLET STEEL
Burlington Billet Steel is CLEAN steel produced by electric furnace process as used by producers of tool steel and high grade alloy steels. This process eliminates the danger of picking up impurities from fuel and, with a combination of stringent tests, extreme accuracy in control of quality is assured.

Our jobbing type mill allows for quick change of rolls and a wide variety of bar shapes and sizes.

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Every 25¢ counts!

It Buys One Stamp
...and 16 Stamps Buy ONE $5
WAR SAVINGS CERTIFICATE

Quarters, dimes, nickels—even pennies—they all help to fill Canada's War Chest when used to buy War Savings Stamps.

Use War Savings Stamps as prizes—as presents—as gifts to children. When shopping take your change in War Savings Stamps. *Always remember—the more you buy, the more you save.*

THE ROYAL BANK
OF CANADA
WAR SAVINGS STAMPS ARE SOLD AT EVERY BRANCH OF THIS BANK

JAMES CROSSLAND, C.L.U.,

who is President of the 1940-41 Quarter Million Club of The Mutual Life of Canada, an honor given to the Company's leading representative in Canada. Mr. Crossland, who is a member of the Toronto-King Street Agency, has an outstanding record for consistent production. He has been with The Mutual Life of Canada since February, 1932, and during the past eight years has earned the Presidency of the Quarter Million Club twice, and the Vice-Presidency six times.

Banking

Small Decline Shown In Current Loans

Liquidation of Wheat Loans Offsets Larger Industrial Borrowing — New Crop Movement and Storage Likely to Require Much Credit

Liquidation of wheat loans is evidently reflected in the decline of $2.1 millions in current loans in Canada in June compared with the previous month, according to the return of the chartered banks to the Minister of Finance as at June 29. Compared with a year ago an increase of $114 millions is shown.

Each month as wheat and flour are exported a proportion of the loans on which the grain has been financed since last autumn is paid off. As exports of grain and flour in June were worth about $14 millions it is evident that some of the loans of this kind paid off have been offset by new borrowing by industry.

Credit for Crop Storage

With a large new crop now in sight and much of last year's wheat still in the elevators, it seems probable that the demand for bank credit for financing wheat in storage during the coming months will be large.

In addition, there is stated to be a good demand from war industries for credit. Companies making war equipment in many instances continue to finance current operations by bank loans. These are generally paid off as the manufacturers are paid by the Government.

It is expected that with Canadian production of munitions steadily increasing, there will be considerable of this business with the banks, new loans being negotiated when new contracts are started and old ones paid off as finished goods are delivered and paid for.

Call loans in Canada were down in both the monthly and yearly comparison as is to be expected from the small volume of speculation on stock and commodity markets. Provinces and municipalities were borrowing more than in May but less than a year ago.

Long term investments of the banks showed a substantial drop while short terms were higher in both comparisons. During the month the conversion loan of 1937 crossed the line from a long term issue to a short term security with only two more years to run.

Savings Deposits Down

On the liability side, the most noticeable feature was a drop in savings deposits in both the monthly and yearly comparison.

Savings deposits often are lower in June owing to vacations. This year an important factor is said to have been investment in war savings certificates. Certain industrial firms which had money on deposit in the banks in savings accounts were also said to be using some of these funds in their business rather than borrowing.

Demand deposits were up in both comparisons. Deposits of both the Dominion and Provincial Governments were lower than in the previous month but higher than last year. Note circulation was about $3 millions higher in the month but slightly lower than a year ago.

With total deposits showing a greater decrease than loans during the month, The Financial Post Credit Index which is the ratio of current and call loans to demand and savings deposits in Canada, increased 0.2% for the month and 3.5% for the year.

Use of Bank Credit in Canada
(In Millions of Dollars)

	June 1940	May 1940	Change	June 1939	Change
Loans	1,106.1	1,107.4	—1.3	1,009.2	+96.9
Investments	1,583.0	1,616.8	—33.8	1,525.3	+57.7
Total	2,689.1	2,724.2	—35.1	2,534.5	+154.6
Deposits	2,430.0	2,460.0	—30.0	2,382.6	+47.4
Credit index*	40.1%	39.9%	+0.2%	36.6%	+3.5%

*Ratio of current and call loans in Canada to demand and savings deposits in Canada.

ASSETS

	June 1940 $	May 1940 $	Change $	June 1939 $	Change $
Immediately Available Liquid Assets					
Canadian coin	4,496,763	5,301,812	— 805,049	5,311,687	— 814,924
Bk. of Can. notes	58,606,414	56,241,501	+ 2,364,913	45,097,789	+ 13,508,625
Bk. of Can. depos.	208,526,944	238,306,155	— 29,779,211	204,082,549	+ 4,444,395
Bank's cash	271,630,121	299,849,468	— 28,219,347	254,492,025	+ 17,138,096
Other banks notes	3,911,370	3,762,087	+ 149,283	5,015,070	— 1,103,700
Gold & sub. coin abroad	4,209,926	4,174,367	+ 35,559	5,793,697	— 1,583,771
Foreign banks	191,850,055	203,046,389	— 11,196,334	244,648,918	— 52,798,863
Foreign curr.	26,482,347	28,705,845	— 2,223,498	29,942,374	— 3,460,027
Gov. sec. short term	701,558,290	700,951,444	+ 606,846	454,551,563	+247,006,727
Do., long term	611,396,395	628,616,554	— 17,220,149	757,633,836	—146,237,441
Call loans abroad	40,057,306	39,816,232	+ 241,064	41,913,431	— 1,856,125
	1,851,095,810	1,908,922,386	— 57,826,576	1,793,990,914	+ 57,104,896
Loans and Securities Other Than Those of Canadian Government					
Municipal secs.	92,643,953	98,322,960	— 5,679,007	104,035,827	— 11,391,874
Public secs.▲	62,605,356	72,073,351	— 9,467,995	80,479,923	— 17,874,567
Other secs.	114,820,663	116,792,468	— 1,971,805	128,594,624	— 13,773,961
Can. call loans	39,028,457	44,393,051	— 5,364,594	52,454,170	— 13,425,713
Current loans	935,847,848	937,950,070	— 2,102,222	821,609,936	+114,237,912
Loans abroad	141,300,424	142,718,331	— 1,417,907	144,038,405	— 2,737,981
Prov. loans	16,339,906	15,898,404	+ 441,502	18,511,342	— 2,171,436
Mun. loans	114,939,801	109,290,417	+ 5,649,384	116,712,778	— 1,772,977
	1,517,526,408	1,537,439,052	— 19,912,644	1,466,437,005	+ 51,089,403
OTHER ASSETS					
Non-curr. loans	7,947,601	7,935,853	— 11,748	8,979,027	— 1,031,426
Real estate	7,603,728	7,633,337	— 29,609	7,911,970	— 308,242
Mortgages	3,938,365	3,968,609	— 30,244	4,133,052	— 194,687
Premises	71,881,743	71,985,423	— 103,680	72,051,680	— 169,937
Letters of credit	64,341,057	61,500,585	+ 2,840,472	53,421,218	+ 10,919,839
Loans to comp.	11,147,299	11,221,358	— 74,059	11,507,495	— 360,196
Other assets	2,381,079	2,479,749	— 98,670	2,292,516	+ 88,565
	169,240,872	166,724,914	+ 2,515,958	160,296,958	+ 8,943,914
Total	3,537,863,090	3,613,086,352	— 75,223,262	3,420,724,877	+117,138,213
Note circ. dep.	5,203,160	5,083,804	+ 119,356	5,618,983	— 415,823
Int. bank bal.	122,915,500	127,582,994	— 4,667,494	148,211,668	— 25,296,168
Gross	3,665,981,750	3,745,753,150	+ 79,771,400	3,574,555,528	— 91,426,222

LIABILITIES

	June 1940 $	May 1940 $	Change $	June 1939 $	Change $
To the Public					
Circulation	97,286,050	94,299,428	+ 2,986,622	97,346,073	— 60,023
Dom. Govt.	202,962,399	239,490,557	— 36,528,158	94,739,294	+108,223,105
Prov. Govt.	73,346,649	85,230,637	— 11,883,988	64,526,348	+ 8,820,301
Deposits by Public					
Demand dep.	821,224,527	816,947,769	+ 4,276,758	702,232,175	+118,992,352
Savings dep.	1,608,863,422	1,643,084,405	— 34,220,983	1,680,377,190	— 71,513,768
Total	2,430,087,949	2,460,032,174	— 29,944,225	2,382,609,365	+ 47,478,584
Foreign dep.	437,375,757	441,375,558	— 3,999,801	503,737,167	— 66,361,410
Due to Banks Abroad, Etc.					
United Kingdom	19,125,384	18,899,009	+ 242,375	13,736,391	+ 5,388,993
Foreign	28,761,165	30,895,543	— 2,134,378	46,586,574	— 17,825,409
Bills payable	66,318	195,555	— 129,237	207,962	— 141,644
Letters of credit	64,341,057	61,500,585	+ 2,840,472	53,421,218	+ 10,919,839
Other liabs.	4,176,810	4,145,804	+ 310,006	3,441,775	+ 735,035
Total pub. liabs.	3,357,529,538	3,436,048,850	— 78,519,312	3,260,352,167	+ 97,177,371
Due bet. banks	10,701,088	11,436,011	— 734,923	20,027,440	— 9,326,352
Liability to Shareholders					
Dividends	1,446,296	2,224,725	— 778,429	1,398,694	+ 47,602
Reserve	133,750,000	133,750,000	....	133,750,000	....
Capital	145,500,000	145,500,000	....	145,500,000	....
Gross	3,648,926,922	3,728,959,586	— 80,032,664	3,561,028,301	+ 87,898,621

▲Other than Canadian.

Life Insurance

Medical Corps Rates May Rise

Some Companies Claim Medical Corps Overseas as Hazardous as Infantry

Some life insurance companies are considering raising the scale of extra premiums on new policies issued to persons in certain non-combatant services with the overseas military forces, The Financial Post understands.

When the war clause in all life insurance policies issued since last September was adopted last autumn, no extra premium was required from members of the military forces in Canada. It was provided, however, that once a soldier went overseas, he must—with certain exceptions—pay an extra premium of $90 per $1,000 insurance to ensure payment of the face value of the policy, if he should die as a result of war service. Otherwise the amount payable would be restricted to the premiums paid in, plus dividends accrued with interest at 3%.

Only Affects New Policies

These regulations apply, of course, only to policies issued since last September.

As regards the $90 extra premium, exceptions were made in the case of the Army Medical Corps, Chaplain Services, and certain non-combatant units such as the Salvation Army, Y.M.C.A., Knights of Columbus, etc.

The extra premium for chaplains and most ranks in the Army Medical Corps was set at $40 per $1,000, for nurses at $25, for Y.M.C.A., Salvation Army, Knights of Columbus, etc., at $40 per $1,000.

These scales were established largely on the experience of the last war.

Hazard Claimed Equal

Now, however, it is felt that with intensive bombing raids being carried out over Great Britain, a doctor at a base hospital there is in just as great danger as an infantryman. The same is claimed of nurses and chaplains.

Consequently, it is claimed in some quarters that the extra premiums payable by members of the medical services and in some cases the chaplain services should be on the same level as those of the fighting services. In some cases it is also believed a higher scale of premiums should be charged members of non-combatant units such as the Y.M.C.A.

So far it is understood no definite decision has been reached. But, as indicated, some company executives feel the interests of their policyholders as a whole demand some such action.

No change is suggested in the regulations requiring no extra premiums from members of the military forces as long as they stay on this side of the Atlantic. If, however, the threat of invasion became imminent, it is likely extra premiums for home service would be required in new policies. Nor is there any thought of change in the regulations affecting the air force or the naval services.

Note Circulation Up at Bank of Canada

An increase of $5.5 millions in note circulation is shown in the statement of the Bank of Canada for the week ended Aug. 7. Expansion in the note issue is frequently seen in August. Vacationists want more cash for holidays and movements of butter, cheese and hay, shipments of vegetables and fruits for immediate consumption and to the canneries, all require more cash.

Deposits of the chartered banks also show expansion for the week. This possibly reflects a tendency of the banks to increase their reserves with the Bank of Canada. It may also be the result, in part, of purchases of securities by the Bank of Canada from the commercial banks.

Balance Sheet

Liabilities	Aug. 7 1940 $	July 31 1940 $
Capital paid-up	5,000,000	5,000,000
Notes in circ.	297,206,874	291,676,133
Rest fund	2,449,756	2,449,757
Depos.: Dominion	21,567,881	24,139,742
Bank	208,088,308	194,423,289
Other	9,498,098	8,222,140
Total deposits	239,154,288	226,785,171
All other assets	4,887,735	4,939,368
Total liabs.	548,698,653	530,850,429
Assets		
Reserve:		
In sterl. & U. S.	4,152,772	5,699,850
Subsidiary coin	240,992	197,169
Advances	1,500,000	2,500,000
Investments:		
Dom. Govt. short	407,562,188	392,234,678
Other Dom. Govt.	124,436,528	123,597,636
Total invest.	531,998,715	515,832,314
Premises	1,723,566	1,723,566
All other assets	9,082,608	4,897,530
	548,698,653	530,850,429

Fire and Casualty Insurance

Revised Theft Coverage Sought

Committee of Automobile Underwriters

Recommend New Wording of Policies

Ever since an Ontario court decision over two years ago absolved an insurer from liability for theft when an automobile was stolen by a man engaged by the owner to wash it, there has been a strong feeling that the terms of the standard policy should be amended to deal with such cases.

A committee of underwriters appointed by the Association of Provincial Insurance Superintendents which has been studying the matter for some time has now recommended three revisions in the standard theft policy designed to clarify the protection which a policyholder may expect under the standard automobile theft policy.

The first revision is to amend the heading of the theft contract by making it read "theft or attempted theft." No definition is made of "attempted theft" but the recommendation of the committee is accompanied by an extract from the Criminal Code defining both terms. The implication is that this definition will be accepted for insurance purposes.

Written Contract

The second suggested amendment is in the clause in the policy contract excluding the insurance company from liability when the insured car is stolen by any person in lawful possession of it under "a mortgage conditional sale, lease or other contract or agreement, whether written or oral." It is planned to change the words "or other contract or agreement whether written or oral" to "or other smiliar written contract or agreement."

This clause in the policy is designated as exclusion No. 2.

Third proposed revision is to change the wording of the clause which excludes the insurer from liability for loss of the car due to "the voluntary parting with title or possession of the car, whether or not induced to do so by any fraudulent scheme, trick, device or false pretence, by substituting the word "ownership" for "possession."

These changes, it is believed, will not only be of advantage to the policyholder in defining his protection more clearly but will help the insurer also by discouraging illegitimate claims.

The judgment which brought the matter to a head, as far as the policyholder was concerned, was given in the York County Court in Ontario. Circumstances were these:

Car Being Washed

An automobile owner carrying theft insurance on his car hired an individual named C. to wash it. The car was in a parking lot and the owner gave C. the keys. Later when he went to get his car both it and C. had vanished. When found, it was stripped of everything of value. C. was aarrested and convicted of theft of the car.

The insurer denied liability under the theft contract, setting up as its defense the clause excluding the insurer from liability for loss by theft by a person in "lawful possession under . . . other contract or agreement whether written or oral."

The Judge in his decision stated that looking at the theft section of the policy as a whole, it was evident the insurer desired to limit his liability only to such cases where the automobile was in the possession of the insured. "That is, the insured did not want to assume liability for the wrongful acts of persons into whose possession the insured entrusted the automobile . . .

"I hold that the words 'or other contract or agreement whether written or oral' are not to be restricted to contracts or agreements of a type similar to those previously set out in the sentence. I hold, therefore, the insurer is not liable in this case."

Remove Resistance Grounds

It is believed that the suggested changes will prevent resistance claims in similar cases.

These suggestions are also of interest to automobile dealers.

Take for instance a case in which a dealer, hoping to make a sale, lets a client take a car out to try it. He has parted with the possession of the car but not the ownership. He naturally lets the client take the car, believing him to be an honest man. Under the present writing of the contract, the fact that he parted with possession of the car might exclude him from insurance protection. But when ownership is substituted for possession the situation is different.

Life Insurance At Work

About two years ago, a middle-aged man in Ottawa with his own business bought an insurance policy that in event of his death would pay the widow $50 a month for 10 years.

At that time his business was going well and he had no other investments and no other insurance.

Later reverses set in. The business in which he had invested his life savings was swept away. Amid all his trouble and worry he contracted pneumonia and died.

The policy was all that was left for the 63-year-old widow.

A monthly payment of $50 may not keep her in luxury, but for the next 10 years it ensures her of a comfortable living. Without it she would have had to depend on charity.

Weekly Bank Clearings

	Aug. 8 1940 $	Change year ago %	Aug. 1 1940 $
Halifax	3,168,438	+37.0	2,795,420
Saint John	1,885,276	+5.7	1,689,224
Moncton	873,556	+42.1	696,333
Sherbrooke	819,488	+24.4	867,104
Quebec	5,431,430	+25.5	4,723,464
Montreal	94,375,590	—6.6	88,849,685
Ottawa	47,653,777	+123.7	24,955,912
Kingston	655,424	+22.6	597,013
Peterborough	606,326	+10.2	615,756
Toronto	96,291,333	+26.4	79,377,765
Hamilton	5,132,245	+40.9	5,181,149
Kitchener	950,178	+33.6	1,083,127
Brantford	887,312	+35.9	742,885
London	2,294,903	+26.9	1,969,057
Chatham	469,456	+7.9	450,484
Windsor	2,045,132	—1.2	2,375,524
Sarnia	400,821	—5.3	359,837
Sudbury	921,277	+5.7	1,135,205
Fort William	890,971	+42.6	773,485
Winnipeg	26,887,838	—1.9	30,165,955
Brandon	347,194	+16.7	333,995
Regina	3,668,443	+46.1	3,223,225
Moose Jaw	403,873	—17.2	446,573
Saskatoon	1,958,958	+64.6	1,420,258
Prince Albert	392,093	+33.5	330,551
Edmonton	3,523,111	+4.5	3,658,998
Calgary	5,348,150	+30.2	4,733,720
Lethbridge	407,410	—11.2	381,775
Medicine Hat	221,483	+81.0	228,700
N. W'minster	668,534	+7.2	691,036
Vancouver	19,168,470	+13.6	17,522,453
Victoria	1,955,671	+14.9	1,667,036

Fire Insurance Notes

To mark the 50th anniversary of its founding the Pacific Coast Fire Insurance Co. has issued a 24-page booklet entitled "Our Fifty Years."

The company was incorporated in 1890 by special act of the British Columbia Legislature. The founders, the booklet states, well realized the hazards of writing fire insurance in a country sparsely populated, susceptible to forest fires and poorly equipped with fire fighting apparatus. But they felt the growth of the city and province would present business opportunities that would justify the enterprise. The company was started with a capital of $5,000.

In 1908 the company obtained a Dominion charter. That year saw the great fire at Fernie, B.C. All Pacific Coast policyholders received payment of their claims in full. By 1914 capital was increased to $600,000. In 1919 the controlling interest was acquired by Century Insurance Co. of Edinburgh and the company now operates in co-operation with the Century, Anglo Scottish Insurance Co. and Southern Insurance Co. It writes insurance now in many of the American states. In 1939 its total premium income was over $1.1 million.

Officers and directors are:

President, W. H. Malkin, Vancouver.
Managing director, T. W. Greer, Vancouver.
Directors, Christopher Spencer and Robert Gelletly of Vancouver; G. M. Black, Winnipeg; H. J. Tapscott, London, England.
Secretary, F. H. Godfrey.
Treasurer, Thomas Reid.

Insurance Conference To Be Postponed

Because of war the Association of Provincial Superintendents of Insurance has decided to postpone its 23rd annual conference scheduled for the week of Sept. 16 at Saskatoon.

In announcing its decision the Association stated that there would be no cessation of its work, which will be carried on by the various committees.

The usual conference reports will be distributed.

The WAWANESA Mutual Insurance Company
Assets Exceed ... $2,600,000.00
Surplus ... 1,330,363.89
Dominion Govt. Deposit exceeds 1,000,000.00
Wawanesa ranks 1st against all Companies operating in Canada on Net Fire Premiums Written according to Dominion figures for 1939.
Head Office: Wawanesa, Man.
Eastern Office: Toronto, Ont.
Branches at Vancouver, Edmonton, Saskatoon, Winnipeg, Montreal and Moncton.
2,000 Agents Across Canada

(Photo courtesy C.P.R.)
Holiday Time! —and time for RESIDENCE BURGLARY INSURANCE
The CANADIAN INDEMNITY Co.
Montreal Toronto WINNIPEG Calgary Vancouver

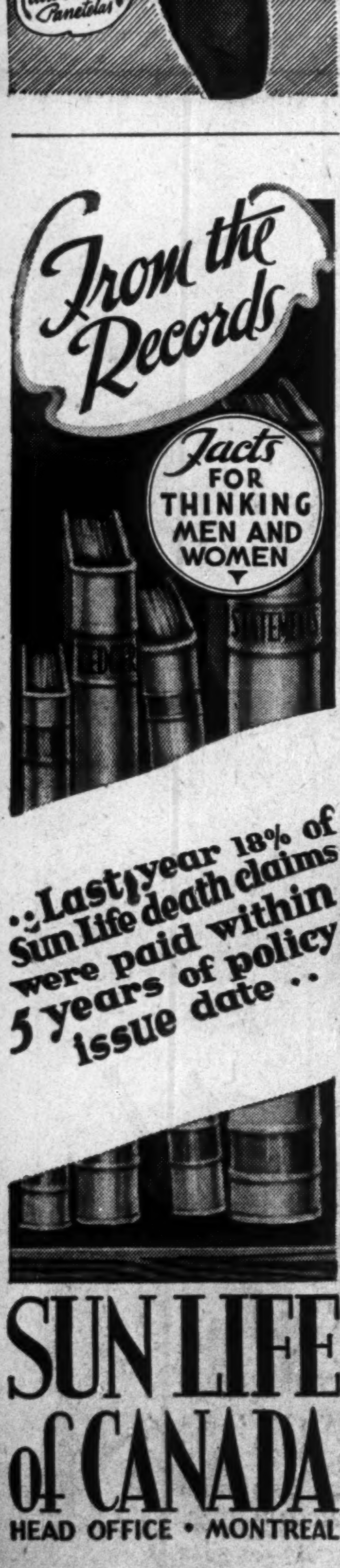
FINANCIAL STRENGTH
The first requisite to sound insurance is the financial ability to meet fully and promptly all obligations to policyholders.
Through maintenance of ample reserves and conservative financing, The Portage Mutual has achieved an unblemished record of "Protection with Security" for 56 years.
EST. 1884 THE SHIELD OF PROTECTION PORTAGE MUTUAL INSURANCE CO.
The PORTAGE LA PRAIRIE MUTUAL INSURANCE COMPANY
PORTAGE LA PRAIRIE, MAN. WINNIPEG, REGINA, EDMONTON
FIRE AND WINDSTORM

Commenced Business 1906
MONARCH LIFE ASSURANCE COMPANY
A PROGRESSIVE CANADIAN COMPANY

CONTINENTAL LIFE
FOUR SQUARE
Four Square Security Providing
Immediate Protection and Future Independence at Low Cost.
A CANADIAN COMPANY ESTABLISHED 1899
President JOHN W. HOBBS
Managing Director NEWTON J. LANDER

NORTH AMERICAN LIFE
ESTABLISHED 1881 A MUTUAL COMPANY SOLID AS THE CONTINENT
Head Office: TORONTO, CANADA
"Assure your future"
ALL PROFITS FOR POLICYHOLDERS

The same high quality as our INVINCIBLE & CORONA. except as to size!
B&H Belmont Perfectos A BENSON & HEDGES Value
10¢ Also Claretts & Panetelas



From the Records
Facts FOR THINKING MEN AND WOMEN
..Last year 18% of Sun Life death claims were paid within 5 years of policy issue date..
SUN LIFE of CANADA
HEAD OFFICE • MONTREAL

United States Fidelity & Guaranty Company
TORONTO

Automobile and General Casualty Insurance
AGENCY INQUIRIES INVITED
LUMBERMENS MUTUAL Casualty Company
VANCE C. SMITH, Chief Agent
CONCOURSE BUILDING TORONTO
Fire and Allied Lines Written in Associated Companies
"World's Greatest Automobile Mutual"

Position of Chartered Banks of Canada as of June 29, 1940, Shown by Monthly Returns to Minister of Finance

LIABILITIES

NAME OF BANK	Notes in Circulation $	Deposits by and Bal. Due to Dominion Government $	Deposits by and Bal. Due to Provincial Governments $	Advances from Bank of Canada $	Demand Deposits in Canada $	Savings Deposits in Canada $	Deposits Elsewhere▲ $	Bal. due to other banks in Canada $	Due to Banks in U.K. $	Due to Banks Elsewhere $	Bills Payable $	Letters of Credit outstanding $
Montreal	21,127,602	60,894,434	21,516,511	....	226,821,132	427,131,286	100,213,467	1,961,479	7,557,167	8,008,439	12,689	9,414,032
Nova Scotia	9,450,095	17,413,050	2,304,332	....	53,354,831	150,115,512	44,409,164	2,981,628	1,746,357	991,403	....	7,856,980
Toronto	3,767,159	15,254,813	1,771,822	....	45,771,453	86,421,279	222,017	562,955	490,034	575,558	....	1,605,299
Provinciale	2,776,273	2,321,959	2,116,953	....	7,801,665	36,294,293	28,124	100	....	40,552	....	16,674
Commerce	18,042,722	34,746,342	18,121,054	....	160,600,790	317,803,017	65,563,298	479,591	2,572,272	6,198,619	4,961	21,973,041
Royal	27,597,555	40,326,928	12,435,799	....	223,052,672	326,536,654	216,110,511	277,906	2,738,425	8,448,591	48,668	17,082,938
Dominion	4,578,580	9,846,628	1,554,321	....	31,333,712	75,541,544	6,501,186	848,046	332,675	775,845	....	2,793,461
Nationale	4,798,845	5,814,478	1,008,007	....	28,829,032	91,946,233	1,076,498	1,958,349	35,523	330,886	....	610,602
Imperial	4,743,610	15,308,723	12,491,283	....	40,360,559	90,341,745	325,292	1,309,135	1,152,434	529,194	....	2,236,855
Barclays (Canada)	403,600	1,035,044	26,567	....	3,298,681	6,731,859	2,926,200	321,899	2,500,507	2,862,078	....	751,175
Total	97,286,050	202,962,399	73,346,649	....	821,224,527	1,608,863,422	437,375,757	10,701,088	19,125,384	28,761,165	66,318	64,341,057

NAME OF BANK	Other Liabilities $	Dividends Declared and unpaid $	Reserve Fund $	Capital Paid Up $	Total Liabilities $	Capital Authorised $	Capital Subscribed $	Last Dividend %	*Loans to Directors and firms of which they are Partners $	Average Notes and Deposits with Bank of Can. $	Greatest amount of Notes in Circ. $
Montreal	3,628,661	40,541	39,000,000	36,000,000	963,327,446	[illegible]	36,000,000	8	430,134	83,607,771	21,356,971
Nova Scotia	36,458	361,736	24,000,000	12,000,000	327,021,552	15,000,000	12,000,000	12	3,234,113	24,232,000	9,450,095
Toronto	70,434	6,210	9,000,000	6,000,000	171,519,038	10,000,000	6,000,000	10	465,367	22,379,810	3,767,159
Provinciale	2,592	4,722	1,000,000	4,000,000	56,403,911	5,000,000	4,000,000	6	172,716	6,804,106	2,957,138
Commerce	....	614,399	20,000,000	30,000,000	696,720,112	50,000,000	30,000,000	8	1,386,809	46,861,082	18,042,722
Royal	41,734	59,184	20,000,000	35,000,000	929,757,571	50,000,000	35,000,000	8	2,005,240	58,479,282	27,597,535
Dominion	358,184	176,575	7,000,000	7,000,000	148,640,772	10,000,000	7,000,000	10	562,635	15,029,357	5,032,104
Nationale	38,697	6,393	5,000,000	7,000,000	148,453,547	10,000,000	7,000,000	8	360,667	10,908,894	5,145,297
Imperial	....	176,536	8,000,000	7,000,000	183,975,361	10,000,000	7,000,000	10	697,044	12,032,542	4,956,890
Barclays (Canada)	....	....	750,000	1,500,000	23,107,612	1,500,000	1,500,000	....	6,901	2,065,274	405,365
Total	4,176,760	1,446,296	133,750,000	145,500,000	3,648,926,922	211,500,000	145,500,000	....	9,321,626	282,400,118	98,711,294

The columns from Capital Authorised to Greatest amount of Notes in Circ. stand under the heading SUPPLEMENTARY INFORMATION.

▲Of this amount $59,650,143 represents deposits in Canada in currencies other than Canadian.

NOTE.—The return of Barclays Bank (Canada) for May 31, 1940, should have shown—Deposits elsewhere than in Canada, as $3,345,850, and under demand and savings deposits in Canada prior to Aug., 1935.—Deposits by and balances due to Banks and banking correspondents elsewhere than in Canada and the United Kingdom, as $2,878,151. As a result of the change in deposits elsewhere than in Canada, the amount shown in the footnote to that column should have been $55,209,410.

*And loans for which they are guarantors.

ASSETS

NAME OF BANK	Gold and Subsidiary Coin Held in Canada $	Gold and Subsidiary Coin Held Elsewhere $	Notes of Bank of Canada $	Deposits with Bank of Canada $	Notes of Other Banks $	Govt. and Bank Notes other than Canada $	Cheques on other banks $	Balances due by other banks in Canada $	Due by banks in U.K. $	Due by banks elsewhere $	Govt. sec. short term $	Govt. sec. long term $	Canadian municipal securities $	Public sec. other than Can. $
Montreal*	1,024,654	85,437	17,260,598	71,680,489	1,044,750	507,450	33,960,643	428	4,576,600	57,625,786	229,911,358	176,531,992	20,784,884	14,614,177
Nova Scotia	200,582	1,302,014	3,592,968	18,150,532	271,432	5,615,317	10,725,995	....	6,026,322	16,641,188	47,440,256	59,205,272	10,985,214	404,095
Toronto	200,582	....	3,398,242	17,784,189	173,585	52,413	5,830,294	....	441,003	3,295,965	30,175,792	50,277,632	4,991,628	....
Provinciale	188,679	....	1,794,043	2,988,718	124,300	18,564	2,244,929	3,448	22,940	242,626	2,754,544	6,294,781	13,778,319	....
Commerce†	743,341	119,351	8,679,693	35,508,023	568,393	1,389,142	20,008,263	594,296	3,727,917	26,619,547	117,837,784	113,917,582	9,012,067	29,402,317
Royal‡	1,098,142	2,702,462	12,210,221	38,979,826	928,995	18,667,386	29,789,554	4,134	16,056,537	36,977,950	204,115,398	117,678,343	7,010,097	17,741,475
Dominion	221,660	306	2,331,016	10,711,737	276,425	106,878	4,333,960	28	1,934,247	5,395,122	21,138,967	23,807,172	2,807,812	200,250
Nationale§	419,079	356	4,960,150	3,772,728	230,980	75,687	5,615,532	202,897	11,335	1,122,644	5,911,953	25,757,112	18,092,538	243,042
Imperial	317,818	....	4,289,304	6,861,011	290,825	40,158	7,082,936	642,682	442,559	5,506,445	38,331,843	31,433,401	5,399,389	....
Barclays (Can.)	2,417	....	90,179	2,089,691	1,685	9,352	286,484	1,579,997	3,350,812	1,832,510	3,940,395	6,493,108	2,005	....
Total	4,496,763	4,209,926	58,606,414	208,526,944	3,911,370	26,482,347	119,887,590	3,027,910	36,590,272	155,259,783	701,558,290	611,396,395	92,643,953	62,605,356

NAME OF BANK	Other bonds and stocks $	Call and short loans in Canada $	Call and short loans elsewhere $	Current loans in Canada $	Current loans elsewhere $	Loans to provincial governments $	Loans to municipalities $	Non-Current loans $	Real estate other than Bank premises $	Mortgages on real estate $	Bank Premises $	Deposit for note circulation $	Other assets $	Total assets▲ $
Montreal*	28,075,359	3,421,618	16,473,088	201,991,804	15,265,831	1,717,468	41,223,166	1,275,941	531,292	478,840	13,900,000	1,181,628	453,742	966,530,752
Nova Scotia	12,935,253	3,031,631	434,558	92,163,213	14,560,086	1,232,750	5,754,026	430,156	....	85,758	6,157,114	482,716	145,474	328,443,831
Toronto	4,096,147	1,102,631	....	41,783,664	....	....	5,357,508	95,491	....	16,609	3,325,084	208,001	....	174,250,768
Provinciale	1,813,909	3,728,729	....	14,065,500	....	490,824	2,875,968	84,130	524,701	313,721	2,063,828	154,126	122,612	56,710,620
Commerce†	23,265,272	3,724,812	11,221,914	195,555,577	17,697,629	11,249,812	16,429,668	2,630,879	2,563,075	1,289,383	14,526,513	934,202	472,674	700,351,477
Royal‡	36,978,035	8,686,930	10,505,618	212,671,813	92,957,665	1,114,196	23,223,740	2,696,218	2,144,958	789,808	14,658,405	1,421,265	594,487	932,853,823
Dominion	2,004,252	2,487,407	1,422,128	58,491,028	813,248	....	2,142,758	197,895	62,281	49,993	3,588,587	276,750	221,513	149,616,897
Nationale§	5,588,575	4,185,687	....	51,919,488	5,965	3,002	11,969,607	213,116	1,649,225	585,392	5,342,066	266,480	289,805	149,045,254
Imperial	63,861	3,362,687	....	65,286,003	....	531,854	5,963,360	313,763	128,196	328,661	5,870,146	279,236	80,664	185,086,288
Barclays (Can.)	....	296,325	....	1,919,158	....	....	....	9,012	....	....	450,000	13,756	....	23,122,065
Total	114,820,663	39,028,457	40,057,306	935,847,848	141,300,424	16,339,906	114,939,801	7,947,601	7,603,728	3,938,365	71,881,743	5,203,160	2,380,971	3,665,981,750

*The business of the Bank in San Francisco, U.S.A., is carried on under the name of a locally incorporated company and the figures are incorporated in the above Return.—Footnote to Bank of Montreal return.

†The Canadian Bank of Commerce (California) has been incorporated under the laws of the State of California to conduct the business of the Bank in that State and the assets and liabilities of the Canadian Bank of Commerce (California) are included in the above general statement.—Footnote to Canadian Bank of Commerce return.

‡The Royal Bank of Canada (France) has been incorporated under the laws of France to conduct the business of the bank in Paris, and the assets and liabilities of the Royal Bank of Canada (France) at April 30, 1940, are included in the above general statement.—Footnote to Royal Bank return.

§The assets and liabilities of the Banque Canadienne Nationale (France) at May 31, 1940, same being considered a branch operating as a subsidiary of the Banque Canadienne Nationale, are included in above return.—Footnote to Banque Canadienne Nationale return.

▲Total assets include $64,341,057 letters of credit as shown in liabilities.

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Those Government War Supply Companies

By **RONALD A. McEACHERN**
Staff Writer, The Financial Post

As the wise man of old observed: There are more ways than one of skinning a cat.

And in Canada's preparations for skinning the Hitler tribe there are some refinements in technique that might not be at first thought of by the amateur or desultory skinner of cats or even by Hitlers.

This article is about the "government companies"; those private firms which have recently been set up by the Canadian Government to undertake some vital part of the job of speeding victory.

There are now seven of them. Two of them must not even be mentioned by name. Two of them have just been formed and are just starting to work. Three of them have been at work a few weeks.

Names of the now existing companies—that can be mentioned—are:

Allied War Supplies, Ltd.
Federal Aircraft Ltd.
Citadel Merchandising Co. Ltd.
Small Arms, Ltd.
Research Limited.

The cryptic, official announcements about these companies left many questions unanswered.

The purpose here was to find out why they were formed; what they do; how they work and who works them.

Why were they formed?

To get secrecy, efficiency and more brains in the industrial department of Canada's war machine.

Money-saving

There is quite a sound reason for not mentioning the names of two of the companies. They were at work at least a couple of weeks before it was revealed that such companies even existed.

These two companies are dealing in vital war commodities; buying and selling in the world market; assuring Canada adequate supplies at reasonable prices. After all, upping the bid where it is known that a government is buying—especially a belligerent government—is a trick older than Crete. The fact that secrecy has been successfully maintained has already, officials state, resulted in the saving of some millions of dollars to the Canadian public purse.

Reasons advanced for the formation of the other companies are different.

In war, efficiency means low cost and speed, with most of the emphasis on the latter. Keeping industrial operations away from politics and clear of the thrall of red tape is, therefore, of the utmost importance.

There are a good many industrial jobs in wartime that are basically and properly national enterprises; which are not a proper risk for private capital because the ordinary economic values—markets, profits, capital and so on are suspended and the only value is production in speed and volume. The private government company offered advantages in handling such national production projects in Canada.

It offered another advantage: centralization of authority and direction, permitting a much higher degree of coordination and planning, both long and short term, than would be probable otherwise.

Finally there is the matter of mobilizing ability. This was one of the prime considerations.

Now doing special war jobs at Ottawa are a score and more of distinguished Canadian businessmen; dollar-a-year men.

But there are other scores of their fellows heading Canadian business who are not in a position for business and other reasons to desert their peacetime responsibilities and take a full-time job in the capital. The government company provided means of making use of these men's skill and experience. This device assigned to a group of men a problem and a responsibility; then, literally, told them to go away, get it done, and in their own way.

That kind of an assignment many of the brightest stars in Canada's business firmament were more than willing to take. It appealed to their patriotism; it challenged their ability.

It must be remembered that this government company idea is not brand new. It was used in the last war. Then, the government companies apparently did a good job and were in no small part responsible for the very impressive Canadian contribution in munitions. At the end of the war they turned over a million dollars odd to the Canadian treasury.

But in the intervening years between the last war and this Canadian industry has developed enormously. In recent months, Canada has assumed a rôle in the war effort of a magnitude and scope hardly even dreamed in the last war. The needs of this war are different and more complex. Hence, the government company of today fills a different and more important rôle in the war effort.

"Subject to Approval of . . ."

The government companies of today were formed just the same as any ordinary limited company. Their formation was duly announced in the Canada Gazette with nothing to indicate their government connection. In very general terms, their purpose was set forth.

But the really important facts about them are in the memorandum from the Canadian Government to the heads of the private companies setting forth the job.

Here are the basic points of these memoranda.

Every act of the government companies is "subject to the approval of the minister," who is Hon. C. D. Howe, as Minister of Munitions and Supply, on whose behalf the companies operate. The companies are nothing more than agents of the Government.

This position of dependency is ruthlessly imposed by the fact that they are not given a bankroll to play with. The money is doled out as need arises which makes certain that the minister okays every move. Of course, each company is given a few thousands for "pocket money"; to pay the rent, telephones, office salaries and so on. The books of each of the companies are under the constant supervision of government auditors and a monthly statement of "petty cash" disbursements goes to the Government.

Head office of at least three of the companies is in Montreal. It has yet to be announced for the others. Main reason for Montreal is that this happens to be the residence of the presidents and many of the directors of these companies.

These various companies are literally non-profit industrial engineering staffs, providing plans, skill and co-ordination.

Now, look at the individual companies.

Allied War Supplies

Allied War Supplies Limited has the biggest job of any of the companies formed so far. Its task is officially described as administering the major explosives and munitions developments now under way in Canada.

Now building in this country are some $150 millions worth of new plants, built with government funds for the production of chemicals, acids and other raw materials of explosives, plants for combining the raw materials into explosives, and plants for putting the explosives into shells.

All of these government-owned plants are under the supervision of Allied War Supplies. The management and technical staff in most cases is being supplied by Canadian Industries Limited. But the task of Allied comes first. It must deal with the basic problems of who, where and how; arranging for raw materials, construction, power and labor supply. There is the tremendous task of coordinating the whole national programme into one efficient and completely integrated production line.

It is of interest—and illustrative of the field of these companies—that Allied goes only as far as shell-filling, at least under present plans. For the manufacture of shell casings there were private Canadian firms ready to do that job and readily adaptable for it. Because they can just as easily swing back into production for peace, the casing assignment is quite proper for private industry.

Here the comparison with the government companies of the previous war is striking. In Allied Supplies we have a company whose board of directors supervises and correlates—but does not own nor operate—an entire industry made up of different and individual plants.

Did Actual Production

In the last war, the government companies were formed to undertake the actual production by individual plants. The correlation and planning was left to the Imperial Munitions Board which then roughly corresponded with today's ministry of munitions and supply.

The "national factories" of the last war undertook jobs like fuse manufacture (British Munitions Ltd.); acids, gun cotton and nitro-cellulose (British Chemical Co. Ltd.); cordite (British Cordite Co. Ltd.); nitro-cellulose (British Explosives Ltd.); acetone, butyl, alcohol (British Acetones, Toronto, Ltd.); Canadian Aeroplanes Ltd. and electric steel and shell forgings (British Forgings Ltd.).

In each case the product was of a type for which Canada had no productive capacity prior to the war and for which there would not, it was presumed, be appreciable demand after the war.

These national factories were apparently conceived by the late Sir Joseph Flavelle, chairman of the Imperial Munitions Board. Directors and managers of the individual plants included many of the notable names of Canadian industry, borrowed from private business for the duration of the war.

Chairman of Allied War Supplies is Hon. C. A. Dunning, former Canadian finance minister. President and working head of the organization is Harold Crabtree, president of the Canadian Manufacturers' Association and head of the Howard Smith Paper Co. Vice-president is W. D. Black, also an executive of the C.M.A. and president of Otis Fensom Elevator Co., Hamilton.

Directors are Beaudry Leman, president and managing director of Banque Canadienne Nationale; J. Y. Murdock, president of Noranda Mines Ltd.; D. R. Turnbull, managing director of Acadia Sugar Refinery Co. Ltd., Halifax; Ross H. McMaster, president of the Steel Company of Canada; and E. A. Wilson, president and general manager of Ingersoll Machine & Tool Co. Ltd. and vice-president and general manager of Morrow Screw & Nail Co., Ingersoll.

Federal Aircraft

Federal Aircraft Limited is another of the government companies and similar to Allied in operation and basic purpose.

Federal's particular job is to supervise production of Avro Anson airplanes, an assignment which may be considerably extended in the future.

A scrap of history: The Avro Anson, a medium-sized machine suitable for bombing, training, and most other air jobs, was to be the basic machine for intermediate and advanced training in the air training plan. These machines Britain was to supply as her main contribution to the cost of the plan. Some 1,600 of them were to be shipped here, where they would be assembled and fitted with Canadian-made wings and tails.

The disaster in Flanders and Britain's announcement that she would not be able to keep up her deliveries of these craft threatened to put the whole air training plan on the rocks. Canadian officials made a drastic change in policy.

It was decided to build the entire Anson aircraft in Canada with supplies available in Canada or at least on this continent. Mr. Howe and James S. Duncan, Deputy Minister of the Department of National Defense for Air, immediately arranged for the purchase of a large supply of airplane engines in the U. S. A., suitable for installation in the Avros.

To handle the full job of production, fuselage, undercarriage, wings, tails, equipment and so forth, the Government formed Federal Aircraft.

Its plans are now made. Some of the work is already under way and the first completely Canadian-made Avro will be in the air about the first of March, 1941.

Federal symbolizes the new and basic defense policy of Canada: do it here, with Canadian machines, technique and supplies as far as possible; with help from the United States if essential. That it was a mistake to attempt to build British-type aircraft in this country and to make production here absolutely dependent on Britain is now a conviction that is pretty general in both aviation and government circles.

More than the Atlantic Ocean separates British and Canadian industry. The first thing Federal had to do was redraw the 5,000 blueprints required for the Anson. Each had to be translated from the "pounds, shillings and pence" engineering conventions of the British into the "dollars and cents" of Canadian-American engineering standards.

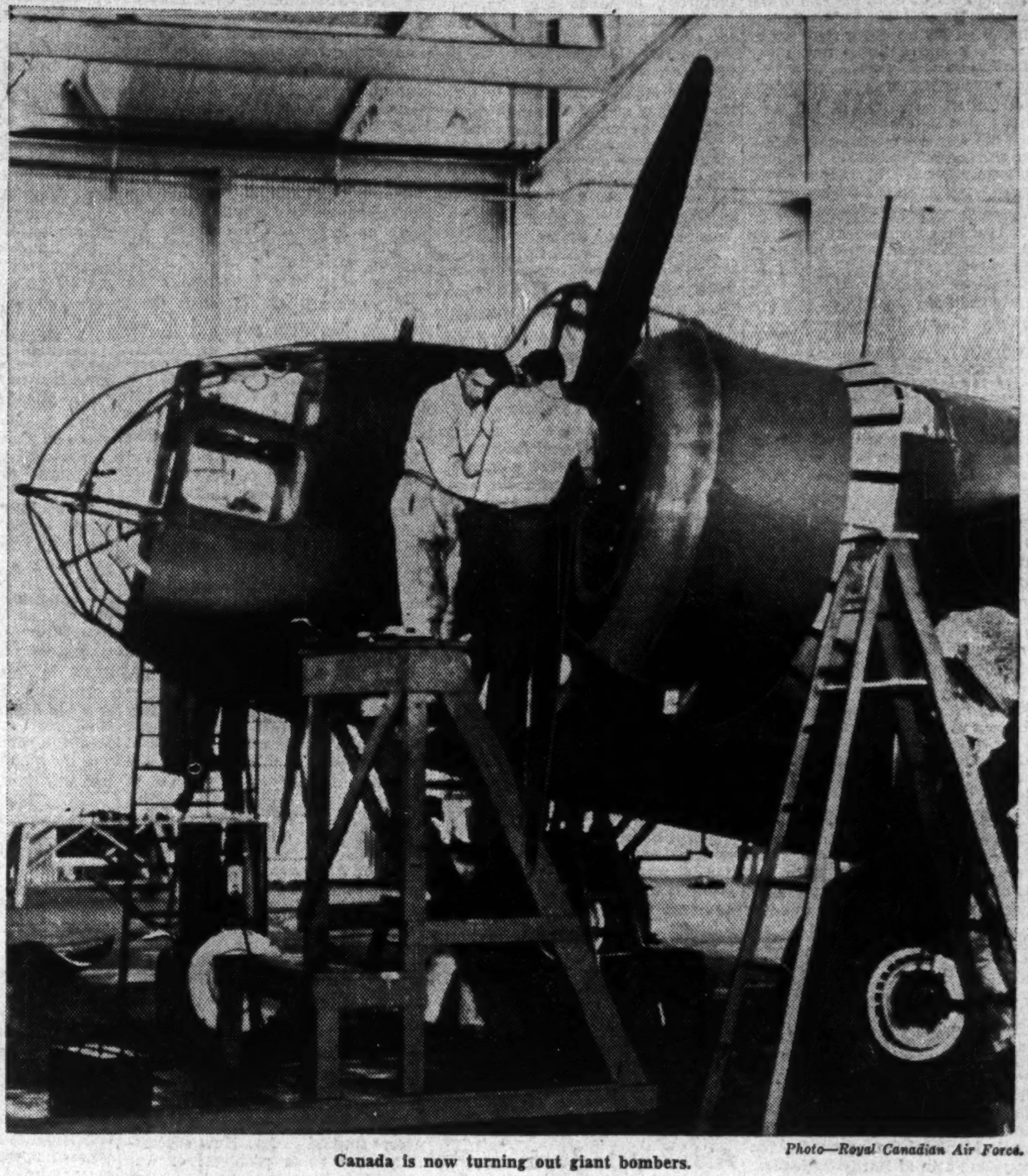
Then came the task of lining up the plants to do the actual production job. Those co-operating on the job are Boeing Aircraft of Vancouver, MacDonald Aircraft of Winnipeg, Cockshutt Plow of Brantford, Massey-Harris Implement and de Havilland Aircraft, Toronto, Ottawa Car & Aircraft, Canadian Vickers Aircraft at Montreal, and the Amherst plant of Canadian Car & Foundry. These plants will turn out the fuselages and parts (excepting engines, purchased complete). Final assembly will be done at the Winnipeg, Toronto, Ottawa and Amherst plants.

Preventing delay in expansion of the air training plan, Britain was able to announce last week that she would ship over 400 completed Ansons to this country. This will help to "hold" Canada until Federal's machines start coming off the production line.

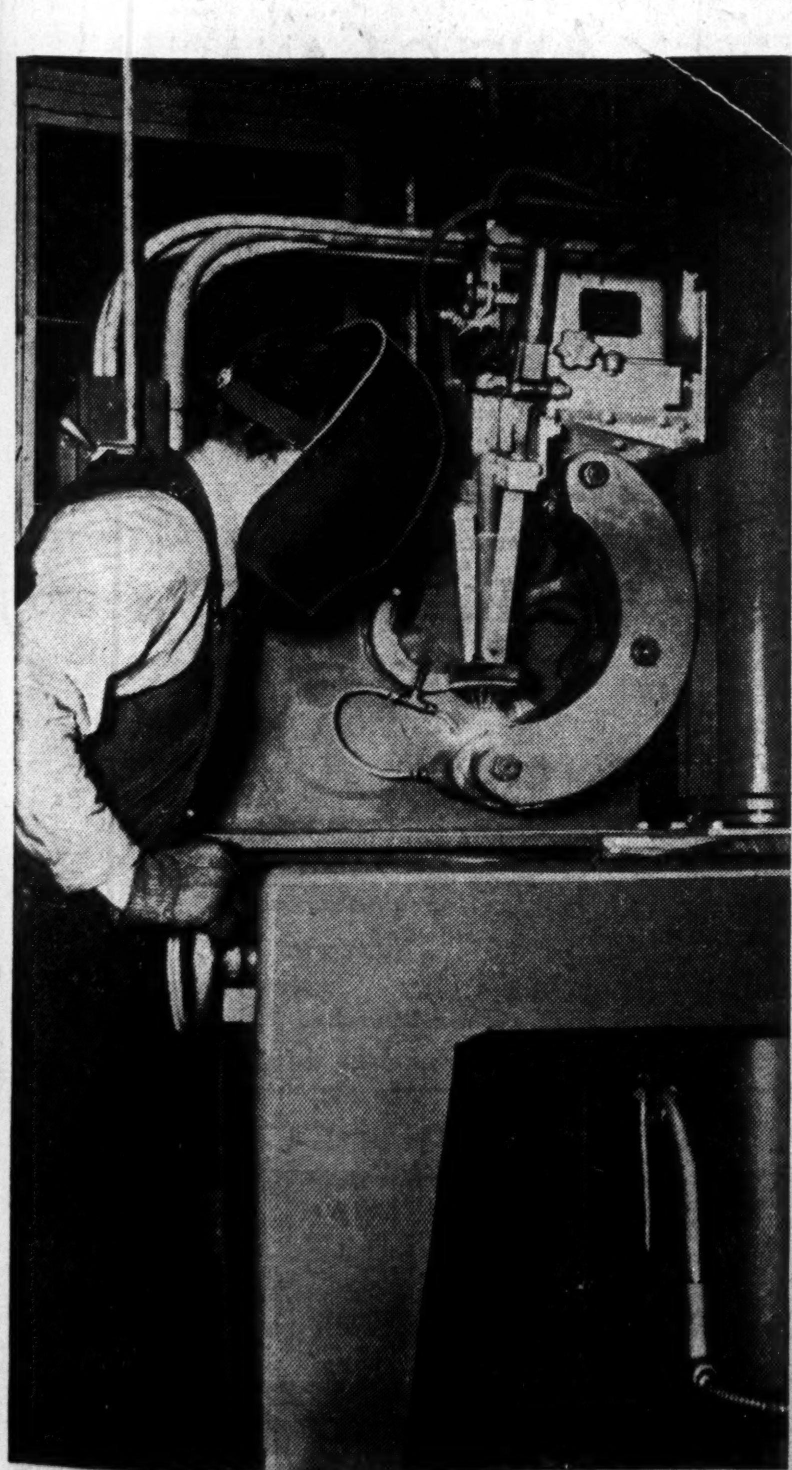
As soon as the organization, co-ordination and supply problems for the Ansons are well in hand, it is understood that other aircraft jobs may be turned over to Federal.

President and working head of Federal is Ralph P. Bell, the dynamic executive of Pickford Black, Ltd., Halifax

(Continued on page 10)


Photo—Royal Canadian Air Force.

Canada is now turning out giant bombers.


In one of Canada's new munition plants this worker is turning out cartridge clips.

War Boosts Building by $50 Millions

By **GUY S. CUNLIFFE**
Staff Writer, The Financial Post

In the first year of Great War I, lack of war demands and collapse of normal building left construction at its lowest ebb in 30 years.

In less than a year of this war, needs have thrust the industry to the highest level of activity since the depression pulled the props from under it 10 years ago. A secondary factor has been a volume of regular building showing little or no decline.

Volume of construction contracts awarded so far this year has risen nearly $50 millions or 46% over the first seven months of 1939, according to the statistical index of current building activity, MacLean Building Reports.

If the same pace is maintained to the end of the year, the gain would amount to $85 millions and the 1940 contract total would be $272 millions—highest since 1931 ($315 millions).

Available facilities of engineering, supervision and equipment of the contractors throughout the Dominion are steadily being absorbed to an extent recalling the normal average activity of pre-depression years. In some cases operations are at near-capacity proportions. The thousands of construction workers on the jobless and relief lists a few months ago are getting back to work again in increasing numbers. In many areas shortages have developed of certain classes of artisans, especially those of special skills.

Of direct importance to industry and the investor is the effect of the construction impetus on demand for building materials, particularly those produced by companies of public investment interest.

Among the larger general contractors and engineering firms, the only ones with securities in the hands of the public are Anglin-Norcross Corp. and Foundation Co. of Canada, and in both cases the public interest is limited.

Demand For Basic Products

The intensified demand for construction materials arising out of the upsurge in building operations has been extended chiefly to the major producers of basic building products. It has not been spread evenly over the manufacturing and supply field generally.

It has been felt chiefly by producers of cement, brick, lumber, and structural steel. Suppliers of more secondary, special-purpose finishing materials such as insulation, particular types of flooring and roofing, and advanced types of both inner and outer finishes have been less affected or not at all.

Reasons may be readily found by tracing the chief sources of the increase in construction volume, and in the nature of the principal types of construction, accounting for the increase. Contract award totals for the classes of structures to meet civil demands, primarily of a normal or peacetime nature, show little or no change from last year or have registered declines. This is especially noticeable in regard to residential construction (off 7% in seven months), and business-type projects such as office buildings, theatres and stores.

The speed-up of construction is almost entirely traceable to the tremendous demand, mostly in the past three months or so, for buildings and other structures to carry on Canada's abruptly expanded war effort. Apart from a substantial contribution arising out of resumption of highway building in Quebec, almost the whole amount of the $50 millions gain in contract awards is attributable to war-need projects of one kind and another.

Three Categories

Broadly speaking, the war-purpose construction accounting for the upturn can be grouped in three categories:

1. Clearing, grading, and paving (where required) of air fields being developed as an integral part of the Empire Air Training Plan, and for the R.C.A.F. proper.

2. Erection of the huge number of structures of various types for the air training plan, accommodation of the armed forces and defense administrative units, and protection of the country against war emergencies. These include barracks, aircraft hangars and maintenance buildings, training school units, administration buildings, and storage or supply structures.

3. The huge expansion of Canada's facilities for industrial production, especially of war equipment and materials. This is being undertaken both by industry itself and by the Government directly, or through advances to companies with war contracts.

This is clearly reflected by analysis of the monthly statistics on construction contracts awarded. With residential building showing a slight decline, the $50 millions gain in all contracts so far this year is almost entirely traceable to advances in the three other main groups of contract awards—business, industrial and engineering. In each case the upturn arises from large increases in the particular classes of construction traceable to war demands.

In the business building division, $15.3 millions of a rise of $15.6 millions in seven months is contributed by the subtotal for "public buildings." This embraces the air-training buildings and other government structures for war needs.

In regard to industrial building, the $30 millions total is double the volume for the seven months of last year. There is no division as between regular industrial construction and that undertaken or financed by the Government. However, various official announcements from Ottawa in recent weeks make it evident that the bulk of the increased factory building is to meet the war pressure for expanded output of war supplies, and is being undertaken or paid for by the Government.

Similarly in regard to the jump in engineering awards, the volume traceable to war work is the big factor. The increase comes mainly from the advance in the subtotal for road work. This is accounted for partly by resumption of large-scale operations on Quebec highways and to completion of some large contracts in Ontario dating back to last year. But to a large extent the gain can be attributed to the work on air fields and runways.

Following are detailed figures showing comparative totals of contracts for all types of building to date this year, and monthly figures on construction of factories, public buildings and roads:

Construction Contracts Awarded in Canada
First Seven Months

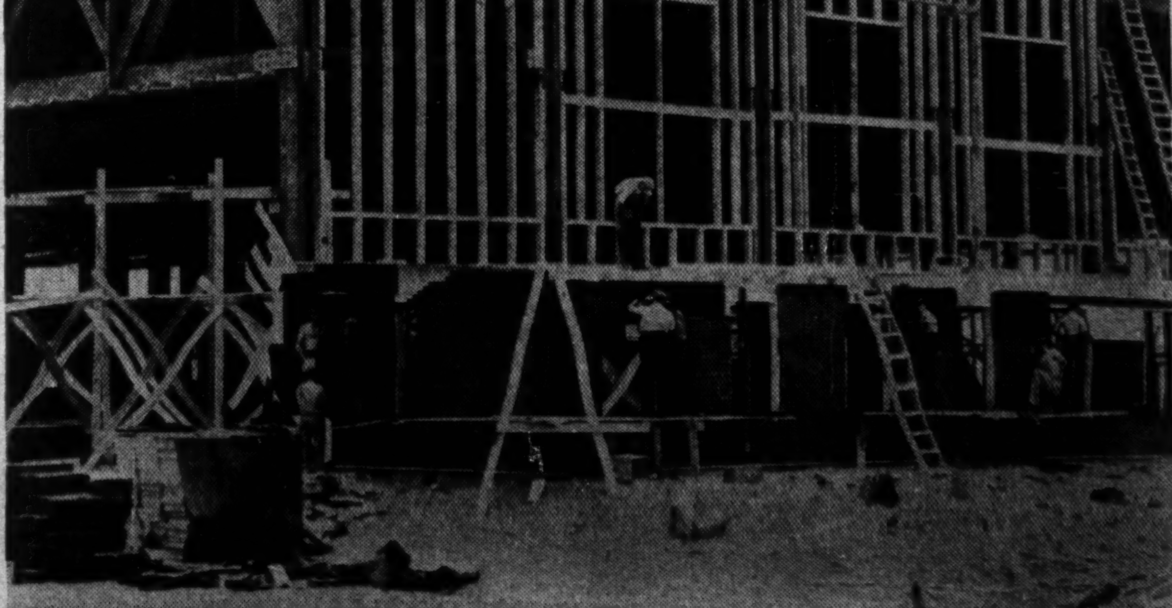
	1940	1939	—Change—	
	—Millions of $—			%
Residential	38.0	41.0	—3.0	—7
Business	46.2	30.6	+15.6	+51
Industrial	29.7	14.1	+15.6	+110
Engineering	40.6	19.6	+21.0	+107
Total	154.7	105.6	+49.1	+46

	Industrial		*Pub. Bldgs.		†Roads	
	1940	1939	1940	1939	1940	1939
	—Millions of $—					
January	2.5	0.7	1.4	0.3	0.6	0.3
February	2.5	0.6	1.4	0.3	0.5	0.3
March	1.4	0.9	1.2	1.2	1.2	0.2
April	5.5	1.0	0.7	0.4	1.5	0.5
May	2.4	4.5	2.7	0.3	5.0	0.6
June	9.5	4.6	1.8	0.5	9.2	4.0
July	5.9	1.8	9.3	0.3	4.0	4.1
Total	29.7	14.1	18.5	3.0	22.0	10.2

*Including air training buildings.
†Including air fields and runways.

Various qualifications and discounting factors must be taken into consideration.

(Continued on page 15)


The Dominion Government has advanced some $170 millions for plant construction.

Pulp and Paper Industry

Set Newsprint Price Until March, 1941

Maintenance of $50 Rate Stabilizes Marketing Conditions in Industry

From Our Own Correspondent

MONTREAL.—The International Paper Co. has informed domestic customers that its present newsprint schedule is extended for a period of six months, or until the end of the first quarter of 1941. This schedule is based on $50 a ton for delivery at New York and Chicago and other Atlantic and Gulf ports.

In confirming this arrangement R. J. Cullen, president of the company, stated that increasing volume since the war has contributed largely to the company's ability to absorb increasing costs of labor and material.

Canadian operators are expected to follow the price schedule set by International Paper, which had been anticipated.

It will be recalled that last September Canadian manufacturers announced through Charles Vining, president of the Newsprint Association of Canada, that it was the intention of the industry not to profiteer on war conditions and that every effort would be made to effect stabilized marketing conditions. Given orderly marketing it was said that there would be no shortage of newsprint paper.

Adhere to Policy

This policy of non-profiteering has been rigidly adhered to, the current announcement meaning no change in newsprint prices for 18 months under war conditions. The manufacturers are necessarily taking some risk, as they are banking on no material change in their costs of production over the next six months.

The price of newsprint has been stabilized at the base price of $50 a ton for 39 months in all. This is one of the longest periods of an unchanged schedule in the history of the industry.

Help Better Relations

Several factors have entered into the decision to maintain prices at the current level. In the first place the operators are giving concrete evidence of their determination to keep prices in hand. The fact that the price remains unchanged until the end of the first quarter of 1941 should, in the opinion of the manufacturers, convince the American publishers of the friendly attitude of the operators toward the publishers.

Costs have been advancing for the producers. This applies not only to material supplies, but also to taxation. As far as the Canadian manufacturers are concerned, this advance has been covered in part by the premium realized on the sale of newsprint in the United States. In effect the operator has been securing $55 in Canadian funds on each ton of paper sold in the States.

Added to this, as Mr. Cullen points out, is the increased scale of operations which has tended to reduce fixed charges per ton produced. This has greatly helped to absorb rising costs and permitted the manufacturers to determine on a price policy until the end of next March.

Balance in Danger

Allied with a desire to maintain stability of prices, the operators have been concerned in orderly marketing. While there is sufficient capacity to meet possible demands, still the delicate balance between supply and demand could be easily upset by panicky buying.

During June there was more than a normal rise in the supply of newsprint paper on hand with American publishers. While the figures are not available for July, it is understood that this trend was even more pronounced in that month.

The indications are that the American publishers anticipated the manufacturers would not be able to hold the $50 price for the last quarter of 1940 and were stocking up supplies.

Guided by Experience

It will be recalled that in 1937 the principal operators announced a substantial price increase some months before it went into effect. The result was an abnormally heavy build up of supplies before the new price went into effect. As a consequence many of the mills, notably those in Canada, had to operate at a very low scale in 1938 until these stocks were absorbed.

It was felt in manufacturing circles that to announce a price increase for the last quarter of 1940, or even one to go into effect at the beginning of 1941, would bring on a rush of buying which would seriously jeopardize operations next year. This danger has been most marked since June, when publishers started to accumulate excess stocks despite the admonition of their own association that marketing should be on an orderly basis.

Surplus to Work Off

However, it should not be overlooked that excess stocks have been built up in the last two months and will have to be worked off over the months ahead.

This means that both production and shipments of Canadian mills will be less than expected in the months immediately ahead. Already there has been a curtailment of operations. The August returns are expected to show a reversal of the trend of the past several months, when shipments and production reached record proportions.

It is not believed that the slowing up will be unduly serious. Stocks on hand at the end of July may be as high as 45 days supply. This would be about 10 days above normal requirements. Such surplus could be worked off without too much dislocation to industry. Moreover, an extra 10 days supply is negligible compared with the stocks built up in 1937, when the supply was more than twice the normal carry by the publishers.

Though it is still somewhat early to make an accurate forecast of the outcome of the year's operations, it would appear at this stage that the Canadian industry will operate at around 75% of capacity for the full 12 months. This would compare with 66.8% for all of last year. On this basis and considering the premium on American funds, the operators should be able to show a substantially better earnings for 1940.

Newsprint Mills Achieve New Records in July

From Our Own Correspondent

MONTREAL. — Both production and shipments of newsprint paper by Canadan mills continued at an exceptionally high level in July. Output was the largest for any month on record, while shipments were fractionally under the high level reported in June.

Last month Canadian mills produced 332,689 tons of newsprint paper, according to returns compiled by the Newsprint Service Bureau and Newsprint Association of Canada. This compared with 315,343 tons in the previous month and with 227,630 tons in July a year ago.

For the first seven months of the current year Canadian mills turned out 1,974,676 tons, as against 1,568,694 tons in the like period of 1939.

Shipments Were Heavy

Canadian shipments in July of 337,508 tons were almost equal the June figures and represented an increase of 46.2% over last year. Shipments to the United States, overseas and Canada were higher than corresponding figures for July, 1939, by 57.0%, 52% and 3.4%, respectively.

Total Canadian shipments last month amounted to 91.2% of capacity, compared with 96.1% in June and 63.6% a year ago.

Canadian production in July represented 90.8% of effective machine capacity, according to the Newsprint Association of Canada. This contrasted with 89.5% in June and with 65.3% in July a year ago.

The mill operating ratio for July was the highest of any month since Nov., 1937, and considering the increase in capacity, actual production was the highest ever reported by the industry for any one month.

Island Does Well

The pace set by the Canadian mills last month was duplicated by those in Newfoundland and the United States. The Island mills produced 30,019 tons, bringing the seven months total up to 200,053 tons. This compares with 25,795 and 163,909 tons, respectively, for the like periods of last year.

Shipments from Newfoundland last month totalled 44,716 tons. This was more than double the amount reported a year ago and the highest since August, 1939.

U. S. Mills Keep Pace

Production in the United States during July amounted to 82,579 tons, compared with 84,579 tons in the previous month and with 74,932 tons in July, 1939.

For the first seven months of 1940 American mills turned out 594,549 tons, as against 546,820 tons for the corresponding period of 1939.

Shipments by American mills were greater than production, amounting to 86,229 tons. The latter compares with 85,194 tons in June and 75,354 tons in July last year.

Signs of Accumulation

Indications are that shipments to the United were exceptionally heavy last month, leading to the belief that U. S. publishers have been stocking up in anticipation of a price increase.

Canadian mills shipped to the States during July 249,252 tons. While somewhat less than in the preceding month, the total was considerably higher than in July last year; in fact, it was the largest of any July on record.

Newfoundland's contribution to the American supply also was heavy, amounting to 30,542 tons, up from 19,916 tons the previous month and comparing with $14,545 tons in July, 1939.

The heavy increase in production has been finding its way into publishers' hands, especially those in the United States. During July the North American manufacturers experienced a decline of 23,166 tons in mill stocks. The corresponding figures in July, 1939, showed an increase of 10,985 tons and in July, 1938, a decline of 14,863 tons.

Abitibi Sale Coming Oct. 16

Advertisements Offering Properties Are Published

Sale as a going concern of Abitibi Power & Paper Co. is to be held by auction in Toronto Oct. 16, 1940, pursuant to the order granted by Mr. Justice Middleton in June.

The sale is subject to reserve bid to be fixed by the master of the Supreme Court. What this reserve bid will be has not been announced but is generally expected that the original reserve bid will be the amount of the bonds outstanding, plus unpaid interest.

The Montreal Trust Co., as trustee for the bonds, is offering the property for sale. The advertisement of the sale details the plans and outlines the conditions under which a sale can take place.

This action is along lines forecast from time to time in The Financial Post. The purchaser is to pay 10% of the amount of his purchase as a deposit within 24 hours of the date of sale, with the balance, bearing interest at 5% on or before Dec. 16, 1940.

U. S. Surveys Pulp Situation

Defense Body Reports to Roosevelt That Situation Under Control

From Our Own Correspondent

MONTREAL.—Threat of inflationary prices for pulp and paper in the American market has been removed, at least for the time being, according to a memorandum prepared for President Roosevelt by Leon Henderson of the National Defense Advisory Commission.

In recent months prices of paper and pulp have been rising because of the fear of shortages which might develop from (a) the cutting off of Scandinavian pulp supplies, (b) increasing export demand on the United States for markets of the South America, shut off from foreign sources, and, (c), the possibility of heavy use of pulp for manufacture of explosives in the National Defense Programme.

Arrives at Conclusions

Following an investigation of the situation by the Commission Board, in co-operation with members of the paper and pulp industry, the following conclusions were reached:

1. There is no actual shortage of pulp, with the possible minor exception of special grades.
2. There is no immediate danger of such a shortage developing, as additional capacity can be made available readily.
3. Export of pulp will probably decrease now that France and Italy can no longer reach the American market. The rayon pulp they have taken can be switched to the grades of which the States are most in need.
4. Imports in Canada will probably increase. The net of imports over exports will probably ease the domestic situation and this removes any present need for fear of anticipated export demands depleting the domestic supply and advancing prices.

Sell on Contract

5. There is considerable spread between published bought prices and contract prices, and more than 90% of pulp is sold on contract. Present contract prices are possibly more than adequate for the most efficient units of the industry when operating at full production, but they are necessary to secure the full production of the industry.
6. Present spread between cost and contract prices seems adequate to attract the production necessary to meet more demands.
7. Further price changes should be influenced only by actual changes in essential costs such as wood, labor, fuel, chemicals, taxes, etc., and not by psychological factors.

Enough for Defense

8. The tonnage likely to be required for defense needs is not expected to demand substantial diversion from industry requirements.

Mr. Henderson reports to the president that several members of the industry, whose production is substantial, have assured the Commission they are firmly opposed to permitting an inflationary situation to develop and offered full co-operation, through their individual price policies, in preventing it.

U. S. Paperboard Mills Active

Current Output Running Well Ahead of Last Year's Level

From Our Own Correspondent

MONTREAL.—U. S. paperboard mills operated at 76.7% of capacity in June with production at 440,725 tons. Production was somewhat less than in the preceding months, but was about 64,000 tons over that reported in June, 1939.

For the first half of the current year the American paperboard mills turned out 2,566,322 tons, as against 2,209,038 tons in the first half of 1939.

The volume of unfilled orders at the end of June, amounting to 195,037, was more than double that reported at the end of the same month for 1939.

THE BEST YOU CAN BUY FOR YOUR PIPE... TRY IT.
HERBERT
TAREYTON
SMOKING MIXTURE
T-240
THERE'S SOMETHING ABOUT IT YOU'LL LIKE

S. E. C. Supports M. & O. Stand

Maintains Interest Accruals During Receivership Should Be Considered

Memorandum in support of its opinion that accrual of interest on bonds and other claims should be allowed during reorganization proceedings of Minnesota and Ontario Paper Co. has been issued by the Securities and Exchange Commission.

In its advisory report of June 24, the Commission took the position that accrued interest since the date of receivership should be taken into account in measuring the claim against free assets for the purpose of determining the proper allocation of the value of the enterprise between the claims of the secured and unsecured creditors. On this basis the commission expressed the opinion that the trustees' amended plan of Dec. 4, 1939, was fair.

Unsecured creditors contend that interest subsequent to the institution of receivership proceedings on Feb. 28, 1931, should not be included in determining the value of the respective claims of the two classes of creditors to free assets.

Total claim of bondholders, if interest is thus accrued, is $37.4 millions, of which $12.4 millions is interest accrued between Feb. 28, 1931, and Aug. 31, 1939. Total claim of unsecured creditors on the same basis is $17.6, millions of which $5.9 millions is interest accrued between these dates.

Limited U. S. Purchases of European Newsprint

From Our Own Correspondent

MONTREAL.—Europe's newsprint trade with the United States is no longer a factor in the American market. During June 1,168 tons of European newsprint were imported into the States. This was about 5% of the normal movement and brought imports for the half year up to 28,372 tons. During the first half of 1939 newsprint imports from Europe totalled 159,550 tons.

THE ONTARIO PAPER COMPANY
LIMITED
Mill and Head Office — Thorold, Ontario.
Together with its wholly owned subsidiary
Quebec North Shore Paper Company Limited
Head Office — 680 Sherbrooke St. W., Montreal, P.Q.
Mill at Baie Comeau, P.Q.
Manufacturers of Newsprint for
THE CHICAGO TRIBUNE
THE NEW YORK DAILY NEWS

ANGLO-CANADIAN
PULP AND PAPER MILLS
LIMITED
Manufacturers of
NEWSPRINT PAPER
CAPACITY: 600 TONS DAILY
OFFICES and MILLS at QUEBEC CITY
Direct Connection With Both Canadian Railways
Privately-owned Wharf on Tidewater

Abitibi Power & Paper
Company, Limited
TORONTO, ONT.
Owning directly or through subsidiary companies, mills at
Beaupre, Que. Iroquois Falls, Ont.
Pine Falls, Man. Smooth Rock Falls, Ont.
Sault Ste. Marie, Ont. Fort William, Ont.
Port Arthur, Ont.
Newsprint
Groundwood Pulp News Sulphite Pulp
High Grade Bleached Sulphite Pulp

The Government Companies

(Continued from page 9)

ocean freight agents, and director of other companies. General manager —the technical man—is R. J. Moffett, chief aeronautical engineer of Canadian Vickers. Treasurer is F. L. Jeckel, Montreal, manager for the accounting firm of Hardy & Badden.

Directors are Sidney Dawes, president of Atlas Construction Co., Montreal; Blair Gordon, president, Dominion Textile Co.; Russell Smith, of Canadian Industries Limited, and Allan Aitken, Price Bros. & Co., director of various companies and brother of Lord Beaverbrook, chief of airplane production in Britain.

Citadel Merchandising

Citadel Merchandising Co. Ltd. has already done a great deal of work despite its brief existence. Its job is to co-ordinate the production and procurement of machine tools and equipment for the war industries.

Machine tools are one of the most serious bottlenecks in the whole defense programme, especially in the United States. In peacetime, the machine tool industry performs a vital service to industry, but a service very limited in volume. War and the sudden demand for new machines to make munitions, armament and other war equipment inevitably imposed a staggering and abnormal burden.

In Canada, the Government advanced money for the expansion of existing machine tool plants, but many machines still had to be bought in the United States. And just as Canada's war effort was shifted out of low gear, America became alarmed about her own defense. The result was that the supply of these tools—machines that can be made only slowly and by workers of the utmost skill—began to dry up.

Citadel was formed as the way of combating this difficulty. Its task was to get the whole story of what Canada's war industries needed or were going to need in the way of new machines and equipment; then to get the whole story of what tools and equipment were available in the United States and Canada and when. Correlating purchases was one thing.

Acts as Trustee

But it has another responsibility. It acts as owner-trustee for the people of Canada—for the enormous supply of machine tools which have been bought by the Dominion Government.

In respect to most munitions contracts the Government buys the necessary machinery, tacks on a plate announcing its ownership and puts the machine in the plant of the firm which is going to do the job. It is estimated that this year Citadel has, or will be the owner of, some $50 millions worth of munitions-making machinery.

One of the main reasons for the fuss, wrangling and delay in the U. S. rearmament programme is official confusion; the refusal or inability to set forth a reasonable scheme for meeting the capital costs of munitions and arms plants.

In Canada this subject, plus that of depreciation, amortization, has been completely sidestepped and handled in what is widely regarded as a realistic and efficient manner.

The Canadian method has been for the Government to assume the entire cost of new war plants: where there is a well-defined addition to existing plant required; where the addition is built solely for purposes of filling the war order and where a completely new plant is built. The Government also bears the cost of all essential machinery for the war order job.

This neat solution is not feasible where a war order is given to an established firm that requires only a moderate investment in new plant or equipment and where any additional plant space means nothing more than knocking out a wall and extending the roof a bit. Nor does the Government supply machinery which is simply to be hooked into or added to an existing production line.

Aids Private Buyer

In addition to buying and acting as trustee for government-owned machinery Citadel has proved helpful in assisting the private manufacturer who needs new machines for war business to get what he needs.

Not only does this centralization offer important advantages in making the best possible distribution of the available supply of machines, but it has important prestige value in the very delicate matter of buying tools in the United States.

The United States Government recently gave itself the power to license the export of machine tools. The regulation seems to have been occasioned by an impending and very large sale of machines suitable for munitions manufacture to Japan. Though not aimed at Canada, the embargo could not be ignored nor the possibility that it might be used to close off a vital supply of machinery if competition between American and Canadian buyers became too hot. The government-sponsored company, Citadel, offered distinct advantages in trying to cope with this situation.

Thomas Arnold, chairman of Manitoba Steel Foundries Ltd., is president of Citadel; vice-president is L. J. Belnap, president of Consolidated Paper Corp. Ltd. Directors are J. D. Johnson, president of Canada Cement Co. Ltd.; C. E. Gravel, director of Bell Telephone Co. of Canada, and F. K. Morrow, director of Ogilvie Flour Mills Co. Ltd. and other companies.

Small Arms Limited

Small Arms Limited is one of the newest of the government companies, and in its present form is to do a job rather more similar to that of the national factories of the last war rather than the co-ordinating and supervising job of the companies outlined above.

Small Arms is to build and operate the Lee-Enfield rifle plant which is to be built at Long Branch, near Toronto. Because the peacetime demand for rifles and other small arms is limited, this job is not unnaturally being done by the Government.

President is G. S. Braden, vice-president and general manager of Canada Cycle and Motor Co. Ltd. Directors of this government company have yet to be selected.

Research Limited

Research Limited is another of the newest government companies. Like Small Arms, its function is production: the production of extra-special, scientific, optical and other instruments needed for war, though generally in very limited quantity.

It is reported planning a $350,000 plant. Technical direction will be supplied by the National Research Council.

Britain has three scientific and research organizations working all the time, peace and war, on gadgets for war purposes. There is one such organization for each: the War Office, the Admiralty and the Air Ministry. Now Canada is to have a similar but unified science service for war.

Examples of the general type of product to be produced are the much-publicized but still secret U. S. bomb sight and the wire-girdle which the British developed shortly after the start of this war to make Hitler's magnetic mines useless.

Already gadgets of this general type are being turned out in Canada, but much more can be done as soon as proper production facilities are provided. Secrecy is essential and few of the items are the type of thing for which there is anything but a war demand.

No announcement has been made regarding the management of this enterprise.

Those are the government companies formed so far. How successfully they solve problems of war production has yet to be seen. But regarding them in general here are a few observations:

Much Talent

The government companies have corralled much brilliant talent. The heads of each of the companies are finding it a full-time job or more so. As the director of one company said with respect to his chief: "He's going to have to break himself into little pieces to keep up with all he has to do."

Surrounding the president in each case is a group of men, almost all of whom have some special contribution to make, whether it be skill in organization, or various types of production. The directorates are anything but "dummy," I have been assured. Day-long meetings and knotty problems have given meaning as real as perspiration to these posts.

Staffs of the companies are generally small, so far at any rate, and are made up chiefly of engineers, technicians and chartered accountants.

Another interesting point about the companies are the almost extravagantly broad terms of reference stated in the official memoranda. There is hardly anything that the company cannot do in its general field.

Of course the Government knows the immediate job it wants these companies to do and the company can't do anything without government approval. Presumably the very broad powers are granted to provide for new and unpredictable situations.

On the other hand it must be recognized that here is a new weapon of government which could be carried to new totally unexpected lengths with very material effects on the whole pattern of Canadian business activity. Best safeguard in this respect is the men now directing the government companies. Personnel is basic in their usefulness and significance.

Remaking the Map

Inherent in the government companies, too, are unique possibilities for shaping the new industrial Canada that is now being born.

As outlined on this page two weeks ago, war is working a revolution in Canadian industry. With peace, Canadian industry will emerge much greater in size, skill and versatility.

The permanent effect of Canada's industrial effort in 1914-18 is familiar. Before the Great War, Canada had, for instance, an insignificant chemical and explosives industry. War need was met by the specially created national factories. Their peacetime fate was not, however, what had been generally expected. The new Canadian chemical industry did not just fade away and die. It found the world entering a new technological era. After readjustment several of the national factories formed the physical foundation on which the great Canadian chemical enterprise, Canadian Industries Limited, was founded.

How many of the government companies are now building foundations on which great and permanent new industries for Canada will be built it is, of course, impossible now to know.

Very significant, however, is the fact that many of these new war supply factories now being built and equipped are British Government owned. Others are for the Canadian Government or joint enterprises of the two governments.

This means that with peace Britain will find that her newest and safest sources of munition and arms supply are in Canada. Opinion in the highest Ottawa circles is that Canada will become Britain's arsenal both for war and peace. Britain's peacetime needs of military supplies are, relative to the volume of normal Canadian industry, very large.

Vision

But that's just a probability, though a very good one.

One very positive aim is the creation in Canada of an able and mature aircraft industry. Ralph Bell, head of Federal, has been heard frankly to avow that aspiration.

As a result of the increased plant facilities, increased skill and versatility, improved availability of raw materials, parts and supplies, which will be an inheritance of Canada's present war aircraft programme, Ottawa sees a strong, self-contained aircraft industry capable of meeting Canada's aircraft needs both for peace and war and, like the motor car and other industries, expanding into world markets.

No one can now predict the conditions that will follow peace, nor the technology of the new world that is being born. But safe it is, indeed, to predict that the industrial engineering now being done by Canada's dollar-a-year men will leave a permanent imprint on the face of industrial Canada.

Millions of British See Post Article

Several million Britishers, readers of the evening papers of the Allied Newspaper group owned by Lord Kemsley, were recently given the cream from a recent article in The Financial Post.

The article carefully appraised the vital raw material resources open to Britain (after the French collapse) and those of the fascist powers and the countries they control.

Britain's superiority in virtually all supplies was so marked that The Post concluded "Germany cannot win; Britain cannot lose" which was the heading of the three column article reproduced in all the Kemsley evening papers.

The digest of The Post article was done by Beverley Baxter, M.P.

"The average worker in a democracy," The Post article stated, "produces about 50% more than the average worker in Germany and about 300% more than the Italian."

To that Mr. Baxter comments: "Good old Italy! What a comfort she is statistically to her enemies and what a revelation of the humbug of totalitarian efficiency, at least in regard to industrial output. But the German figures are surprising to me."

"(The Post) contends that because of their superior productivity and equipment, 700 British workers turn out as much as 1,000 Germans.

"I must confess," Mr. Baxter observes, "that I have been profoundly impressed by my recent contact with our factory workers. But I did not realize that the balance was so heavily in our favor."

Mead, Yates & Osler Dissolves Partnership

From Our Own Correspondent

MONTREAL. — Partnership of Mead, Yates & Osler, members of Montreal Stock Exchange and Montreal Curb Market, was dissolved as of Aug. 7, 1940.

Col. J. E. McKenna, recently appointed to command of the Royal Montreal Regiment, will retain his seats on the two Exchanges. Of the other partners in the firm P. N. Osler is now in the Royal Canadian Air Force, while F. C. C. Mead and C. Montagu Yates have resumed private business.

Brown Co. Pulp Sales Expand

Current Revenues Are Up Sharply—Over 50% Of Bonds Deposited

From Our Own Correspondent

MONTREAL. — Holders of over 50% of the first mortgage bonds of Brown Co. have assented to the reorganization plan, but to make it effective it is necessary to secure support of holders of two thirds of the bonds outstanding.

Consolidated sales for the 32 weeks ended July 13 were $15,353,653. This compares with $9,695,428 in the like period of 1929.

Net income before depreciation, depletion and deferred interest on the present bonds was $2,061,755, compared with the loss of $226,583 last year. After provision of $1,078,288 for depreciation and depletion, income before bond interest, but after Canadian income taxes and adjustment for foreign exchange, was $983,467 against a loss of $1,304,240 in the corresponding period of last year.

Institute to Survey Effects of War

Sessions of Canadian Body to Probe New Conditions Developed

Effect of the war on both present and future conditions, on this continent and abroad, will be analysed at this year's session of the Canadian Institute on Economics and Politics. Ninth annual programme of the Institute, sponsored by the National Council of Y.M.C.A.'s of Canada, will be conducted at Geneva Park, Lake Couchiching, Ont., Aug. 17 to 25.

Most of the addresses and discussions at the meetings will be related to problems of Canada, the United States, the Empire and the war. This subject will be covered generally in the concluding address at the Institute, by Dr. Malcolm W. Wallace, principal of University College, University of Toronto, and chairman of the Institute.

Impact of war on Canada's economy, finance, labor, foreign policy, and French Canadian population will be dealt with, as well as similar phases in the British Isles and the U.S. The import of the Rowell-Sirois Report and its relation to Canada's war effort will be discussed by R. M. Fowler, Toronto barrister, who served on the staff of the Rowell-Sirois Commission.

Arrangements have been made to accommodate at the meetings, not only those especially expert in the subjects under discussion, but interested citizens generally who may wish to attend. Visitors may remain for the full eight days or for shorter periods.

Several million Britishers, readers of the evening papers of the Allied Newspaper group owned by Lord Kemsley, were recently given the cream from a recent article in The Financial Post.

Speakers include: Clifford Sifton, president, League of Nations Society; Clark Foreman, department of interior, Washington; Dr. J. F. Green, Prof. Frank Underhill, Dr. C. E. Silcox, Capt. R. G. Cavell, Prof. Percy Corbett, B. K. Sandwell, Prof. J. B. Brebner, of Columbia University, E. J. Tarr, Winnipeg; Jean Charles Harvey, Montreal; John Baldwin, Toronto; R. W. Keyserlingk, Montreal, Capt. Tracy Philipps, late of the British Foreign Office, and R. S. Lambert, late of the B.B.C.

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Burns & Co.

What is the approximate current price of Burns & Co. bonds? What is the outlook for earnings?

The 5% bonds of Burns & Co. are quoted around 60, a considerable reduction from the price which you paid. Operations of this company for 1940 should show a substantial improvement over those for 1939. Last year the company earned its bond interest 1.63 times before allowing for depreciation and 0.64 times after depreciation allowance. Burns & Co. has not been able to establish a regular earning power of very substantial size. One factor against it has been the difficult conditions prevailing in western Canada for a number of years past. With better crops recently there should be improvement in this line in that a more plentiful supply of hogs and cattle will be available for processing. At present there is only one export market for meat from this country. Great Britain is taking the exportable surplus and will probably continue to do so as long as this is possible.

Ames Holden Tire

I would like to know if Ames, Holden Tire & Rubber Co. is still operating and what has become of its bonds?

The B. F. Goodrich Rubber Co. of Canada has assumed the Ames, Holden Tire & Rubber Co. bond issues. There are two of these bond issues, a 7% first mortgage due Jan. 1, 1943, and a 7% cumulative second mortgage income bond, due the same time. Only a small amount of the first mortgage was outstanding at the end of last year and a sufficient sinking fund has been provided to retire the entire amount at maturity. Interest, which is payable in Canadian or U. S. currency, has always been met promptly on this first mortgage issue.

On the 7% cumulative income bond, interest payments have been irregular. Last payment was 4¾% in March, 1936. On Dec. 31, 1939, accumulative interest of $579,351 was outstanding but payable only if and to the extent earned prior to Jan. 1, 1943. There were $1,048,000 of these bonds outstanding. Operating results of the Goodrich organization in Canada have not been satisfactory. Last year a deficit of $8,984 was reported, an improvement over the deficit of $227,318 for $1938.

La Salle

Has a refinancing plan been prepared for the town of La Salle?

Holders of debentures of the town of La Salle, Ont., may now present their securities to the Guaranty Trust Co., Windsor or Toronto, and receive the adjustment of claims and interest settlement in accordance with the interim plan of adjustment recently approved. An interim five-year plan has been adopted. On debentures maturing on or prior to Dec. 31, 1939, interest is to be computed at contract rates to maturity and thereafter at 4½% and at contract rates after January 1, 1940. Claims for interest arrears are to be satisfied by payment of 18½% of amount owing. Interest on unmatured debentures will be paid for the five-year period to the end of 1944 at ¾ of 1% in full satisfaction. The town will be called upon to provide a minimum amount for this debt service. Any balance of revenue will apply to purchasing debentures on the open market at a price not greater than par.

East Windsor Schools

What are the prospects of receiving payment of interest on East Windsor Separate School bonds?

East Windsor Separate School Board bonds situation is far from settled as yet. The present Separate School Board of Windsor is a merger of the boards of four municipalities—Windsor, East Windsor, Walkerville and Sandwich, Because of the reluctance of the Separate School Board to levy for payment of debenture interest or principal, no satisfactory settlement has ever been accomplished. Some of the larger debenture holders have interested themselves in this case and have been endeavoring to secure permission from the Ontario Municipal Board to sue the Windsor Separate School Board for a settlement. So far permission has not yet been given although the case has not been dismissed. Arrangements were finally made earlier this year whereby the Windsor levy would be increased sufficiently to allow about $20,000 to be available for debenture holders of the Separate School Board. This is less than enough to pay 1% interest on the debentures.

Hawkesbury

Have you any information as to the status of any efforts to refinance the town of Hawkesbury?

Progress in refinancing Hawkesbury, Ont., is likely to be slow. A substantial proportion of the town's debt was incurred under Government aided housing operations and it apparently has not been settled whether or not this debt is to rank before or with the general debenture holders. It will undoubtedly be some weeks yet before a refinancing plan is ready and what form it will take it is not possible to say at this time. Debenture holders would probably not be wise to expect too much from this situation.

Lethbridge Northern

I understand some back interest has been paid on 6% bonds, due 1951, of Lethbridge Northern Irrigation District. Can you tell me the amounts of payments, also what is present market?

Lethbridge Northern Irrigation District 6% bonds, due May 1, 1951, are guaranteed by the Province of Alberta. Interest at the rate of 6% was paid up to June 1, 1936, but since then only 3% has been paid annually. It is our understanding that coupon holders accepting interest at the rate of 3% waives any possibility of an adjustment of defaulted interest.

Current price is 64½ bid.

MUNICIPAL HONOR ROLL

Five Years of Progress by Local Government

Westmount, Que.

Westmount is the thirteenth in a series of municipalities included in The Financial Post Municipal Honor Roll for 1940.

These municipalities are those which are considered to have shown stability over a period of years, or in recent years have made outstanding progress in improving their financial standing. No attempt is being made to run these in sequence of merit or size.

The good financial standing of Westmount, Quebec, is in direct contrast to the critical situation which exists in the contiguous municipality of Montreal.

The great difference is due primarily to:

1. The soundness of Westmount municipal administration.

2. The residential character of the community and high per capita assessment.

3. Freedom from the burden of unemployment relief.

Assessment value for taxation was higher in 1939 than at any time in the preceding several years.

Tax collections have been at a high level because of the high per capita wealth of the City. A high proportion of taxes are paid in advance, stimulated by the grant of a discount for advance payment.

The relief burden is practically negligible.

Debenture debt is being progressively lowered despite one of the highest standards of municipal services in the country.

Not least of the reasons for the municipality's good standing is the calibre of civic personnel and elected representatives. The latter are in office for two years, giving the council a greater than average degree of continuity.

Last Debentures Sold

Description — $153,500 of $193,000 issued under by-law No. 473B, redeemable by annual installments for 40 years ending May 31, 1976, with interest coupons of 3½%. Proceeds used for acquisition of athletic grounds, buildings and equipment.

Price:

1936—$96,500 maturing annually May 1, 1950, to May 1, 1970, sold at 93.50.

1936—$55,500 maturing annually May 1, 1970, to May 1, 1976, sold at 90.36.

1938—$1,000 maturing May 1, 1948, sold at 100.44.

1938—$500 maturing May 1, 1949, sold at 101.50.

Statistical Picture

	1939	1938	1937	1936	1935
Population	26,000	26,000	26,000	26,000	26,000
Assessment					
Taxable (in $000's)	67,427	67,207	67,207	67,158	67,108
Non-taxable	13,202	13,200	13,200	13,393	12,967
Total	80,629	80,407	80,407	80,551	80,075
Per capita $	3,101	3,093	3,093	3,098	3,080
Mill rate:					
Munic. gen. admin.	13	13	13	13	13
Spec. bond assess.	4	4	3½	3½	3½
School: Protestant	10	10	10	10	10
Catholic	6½	6½	6½	6½	6
Neutral (subject to refund)	12	12	12	12	12
Tax collections:					
Curr. collections to curr levy %	81.24	81.95	80.87	79.38	77.47
Curr. & arrears to curr. levy %	100.13	104.29	101.22	102.22	99.39
Gross deb. debt (in $000's):					
(Including electric light)	5,850	6,160	6,562	6,670	6,624
Less: Sinking fund	2,132	2,205	2,369	2,239	2,111
Net deb. debt	3,718	3,955	4,193	4,431	4,513
Other liabilities:					
Loan, electric light $	254,189	478,353	309,973	198,062	174,896
Other charges	150,904	150,578	145,534	127,509	123,502
	405,093	629,931	455,507	325,571	298,398
Relief expend. funded	nil	nil	nil	nil	nil
Relief net amt. of curr. $	25,083	20,662	35,765	43,436	49,523
Term of council (yrs.)	2	2	2	2	2

Wool Combing Plant Planned

Will Practically Double Canadian Capacity

Wool Combing Corp. of Canada plans to establish a wool combing plant at Acton, Ont. The plant is to have capacity to handle 3 million pounds of wool tops annually. Head office is to be in Toronto. Authorized capital of the new company, operating under a Dominion charter, is $250,000. In its early stages at least, no public offering of securities is planned.

The officers and directors of the company so far announced are Right Hon. Lord Barnby, London, England, president; Leslie Biggin, vice-president, president of the Canadian Wool Co., Toronto, and president of Willy-Biggin Wool Services, Inc., Boston. General manager and treasurer is K. Markon, formerly of London.

The company plans to comb the wool on commission. At present a considerable amount of wool combing is done outside of Canada and the finished product imported.

There are already some plants doing this work in Canada, including Dominion Woollens and Worsteds and Guelph Carpet and Worsted Spinning Mills. Harding Carpets, Brantford, also has a plant for combing wools used in the manufacture of carpets.

B.C. Gets Copra Pressing Plant

War Conditions Bring New Industry to Canada

From Our Own Correspondent

VANCOUVER.—A new industry has been established in British Columbia: copra pressing. This, the only plant of its kind in Canada, will soon be under construction in Vancouver.

War has made it advisable to make western Canada the base for handling large quantities of copra that would ordinarily be shipped from the South Seas to the United States. Fiji Islands will be the principal source of supply for the Vancouver plant.

Directors of the company are Sir Walter Carpenter, head of an Australian shipping firm; R. O. Campney, formerly chairman of Canada's National Harbors Board; E. E. Buckerfield, Vancouver grain man, John Raymond of San Francisco and E. F. Riddell.

Eastern Canadian soap manufacturers will absorb most of the output.

NAME MONTREAL AGENT

MONTREAL.—C. N. Bissett, former manager of the Charlottetown branch of the Eastern Trust Co., has been appointed manager of the Montreal branch. He succeeds W. E. Mowat, who is retiring after many years in that position.

Faith in Canada's Future

To lend money on Canadian real estate away back in 1855, when this Corporation was first established in business, required more than good judgment—it required faith. The future of Canada was obscure. Never in the years that have followed has that faith wavered. It governs the Canada Permanent policy to-day.

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AN EDDY PRODUCT

Balance Sheets of Business — XV

Food Product Companies

By R. M. COPER

This group is made up of companies active in the manufacture of foodstuffs. It comprises such widely different industries as sugar refining, meat packing, baking, and many others. But the business trend of all of them is normally determined by the same influence: the purchasing power of consumers.

In war there are, of course, additional influences. There is price control for certain articles, and there may be, later on, other automatic restrictions especially with regard to those products, manufactured by firms of this group, which are luxuries.

Companies covered include:

Barker's Bread.
Blue Ribbon Corp.
Burns & Co.
Canada & Dominion Sugar.
Canada Bread Co.
Canada Starch Co.
Canada Vinegars Ltd.
Canadian Bakeries Ltd.
Canadian Canners Ltd.
Catelli Food Products.
Consolidated Bakeries Ltd.
Dominion Bakeries Ltd.
David & Frere.
Inter City Baking Co.
Laura Secord Candy Shops.
Moirs Ltd.
Viau Ltd.
George Weston Ltd.

Aggregate profits have considerably increased during the last financial year. Net profits, i.e. dividends plus surplus, have developed as follows:

1939	$6,135,542	1937	$5,059,996
1938	4,101,817	1936	4,465,685

Also individually the same trend has prevailed in almost all cases. Only Inter City Baking had a slightly reduced net profit last year. Where the reports contain forecasts for the present year, the expectation is that the improvement will continue.

The decline of ordinary dividends is mainly due to Canada & Dominion Sugar having reduced its extra dividend by $500,000. Four out of the 11 preferred issues of the group are in arrears of dividends. The outstanding stock of these issues amounts to $6,323,000, or 34% of the group's total preferred stock. The arrears were $2,027,994 at the close of the last financial year.

The ordinary stock which received a dividend last year was $25.2 millions, or close to 70% of the total outstanding ordinary stock of the group.

Depreciation charges have increased every year. Last year they grew relatively more than properties, etc., and advanced appreciably as a percentage of the fixed assets.

1939	5.5%	1937	4.9%
1938	4.9%	1936	4.8%

Working capital was higher last year, but the ratio between current assets and current liabilities was slightly lower:

1939	3.74—1	1937	4.33—1
1938	4.10—1	1936	4.30—1

Composite Balance Sheet
Food Product Companies

	1939 $	1938 $	1937 $	1936 $
Assets				
Cash on hand	5,508,905	5,303,464	4,647,038	2,336,457
Accounts receivable	9,348,059	6,790,836	7,096,272	6,935,696
Temporary investments	13,446,179	12,726,442	12,615,222	12,678,173
Inventories	19,139,786	16,826,002	17,397,710	17,061,274
Misc. current assets	132,942	127,212	123,740	126,197
Invest. in subsidiaries	1,303,666	1,259,503	1,271,645	1,412,798
Other investments	405,305	420,095	411,982	422,405
Properties, plant, etc.	46,581,123	47,410,611	47,421,486	46,798,917
Misc. fixed assets	1,042,612	1,302,492	1,555,967	1,711,289
Year's deficit	......	572,604	......	......
Total assets	96,998,577	92,739,261	92,541,062	89,483,206
Liabilities				
Banks	4,358,860	3,813,170	3,208,160	2,308,327
Accounts payable	4,780,006	3,637,089	3,953,216	3,518,490
Provisions for taxes	2,738,342	1,517,953	1,664,001	1,563,850
Misc. current liabilities	851,070	1,240,443	833,656	1,691,764
Funded debt	14,770,650	15,073,150	15,238,350	14,016,400
Other long-term debts	468,040	431,579	500,517	573,555
Reserves	5,176,455	4,064,734	3,970,494	3,383,323
Preferred stock	18,490,590	18,515,780	18,514,930	18,533,180
Ordinary stock	36,278,702	36,388,013	36,468,872	36,890,518
Cap. and distrib. surplus	7,276,987	8,057,350	6,072,954	5,956,208
Year's surplus	1,808,875	......	2,115,912	1,047,591
Total liabilities	96,998,577	92,739,261	92,541,062	89,483,206
Current assets	47,665,871	41,773,956	41,879,982	39,137,797
Current liabilities	12,728,278	10,208,655	9,659,033	9,082,431
Working capital	34,937,593	31,565,301	32,220,949	30,055,366
Depreciation charges	2,555,773	2,339,611	2,331,774	2,246,511
Bond interest	722,862	570,276	579,023	579,831
Preferred dividends	1,037,852	1,006,030	943,529	693,461
Ordinary dividends	3,288,815	3,668,445	2,000,555	2,724,633
	3.74-1 5.5	4.10-1 4.9	4.33-1 4.9	4.30-1 4.8

Directors of War—VI

Drafting men of special abilities from Canadian industry, financial institutions and the Dominion civil service, there has been created a vast machine for prosecuting Canada's war effort.

To familiarize businessmen with the personnel and various functions of Canada's special war organizations, The Post is publishing a complete roster of these bodies, of which the following is the sixth installment.

Previous installments of Directors of War have covered the general organization of the Government and its departments for war purposes, the Department of Munitions and Supply, and the units under the Department of Labor — Wartime Prices and Trade Board and the Labor Supply Council. This week's roster is devoted primarily to bodies assigned to handle movement of essential foodstuff supplies.

Dept. of Agriculture

(Hon. J. G. Gardiner, Minister)

Agricultural Supplies Board

Purpose of the Board is to mobilize the Canadian agricultural industry to facilitate maximum export of agricultural supplies to Great Britain and to see that Dominion resources are utilized to the best advantage.

PERSONNEL OF BOARD

Chairman: A. M. Shaw, director, marketing service, Department of Agriculture.

Vice-Chairman: R. S. Hamer, general executive assistant, Department of Agriculture.

Members

E. S. Archibald, director, experimental farm service, Department of Agriculture.

J. M. McCallum, director, production service, Department of Agriculture.

J. M. Swaine, director, science service, Department of Agriculture.

Secretary: S. R. Norris Hodgins, assistant professor of English and journalism, Macdonald College (McGill University), Montreal; and English publicist, Department of Agriculture, Quebec; loaned to the Board.

Asst. Secretary: J. R. Peet, Dominion Department of Agriculture.

* * *

SEED SUPPLY COMMITTEE

Chairman: N. Young, plant products division, Department of Agriculture.

Members

L. S. McLaine, plant protection division.

T. M. Stevenson, Dominion agrostologist.

L. H. Newman, Dominion cerealist.

W. T. G. Wiener, secretary, Canadian Seed Growers Association.

C. Sweet, Dominion seed service.

Secretary: A. M. W. Carter, Dominion Department of Agriculture.

* * *

FERTILIZER SUPPLY COMMITTEE

Chairman: G. S. Peart, plant products division, Department of Agriculture.

Members

L. W. Wright, Central Experimental Farm.

E. S. Hopkins, Central Experimental Farm.

C. D. Mallory, Department of Trade and Commerce.

W. H. Losee, Department of Trade and Commerce.

Secretary: A. M. W. Carter, Dominion Department of Agriculture.

* * *

PESTICIDE SUPPLY COMMITTEE

Chairman: G. S. Peart, plant products division, Department of Agriculture.

Members

Arthur Gibson, Dominion entomologist.

H. T. Gussow, Dominion botanist.

A. G. Lochhead, Dominion agricultural chemist.

E. A. Watson, Dominion animal pathologist.

L. S. McLaine, plant protection division, Department of Agriculture.

G. D. Mallory, Department of Trade and Commerce.

W. H. Losee, Department of Trade and Commerce.

Secretary: A. M. W. Carter, Dominion Department of Agriculture.

* * *

NATIONAL APPLE ADVISORY COMMITTEE

Chairman: R. L. Wheeler, assistant director, marketing service, Dominion Department of Agriculture.

Members

M. V. McGuire, manager, Okanagan Federated Shippers' Assn., Vernon, B.C.

George H. Laird, president, Ontario Fruit Export Assn., Woodstock.

W. J. Tawse, marketing specialist, Quebec Department of Agriculture, Montreal.

F. W. Walsh, director of marketing, N.S. Department of Agriculture, Halifax.

Secretary: L. F. Burrows, secretary-treasurer, Canadian Horticultural Council, Ottawa.

Dominion Bacon Board

This Board was organized to regulate and control the bacon industry, to fix price spreads and to see that the maximum benefit of the agreement accrues to the producers.

Chairman: Hon. J. G. Taggart, Saskatchewan Minister of Agriculture.

Members

S. W. Todd, secretary, Council of Canadian Meat Packers, Toronto.

L. C. McOuat, C.P.R. Agriculture Agent, Montreal.

Adrien Morin, chief of livestock branch, Quebec Department of Agriculture.

Secretary-Manager: L. W. Pearsall, chief of the Dominion livestock inspection and grading services, Ottawa.

Transportation Specialist: D. J. Perry, transportation officer, Canada Packers, Montreal.

Technical Adviser: W. C. Bosnell, plant superintendent, Canada Packers, Toronto.

* * *

ADVISORY COMMITTEE

W. J. Reid, Charlottetown, formerly associated with the P. E. I. Department of Agriculture.

Joseph Bisson, Montreal, connected with co-operative marketing of livestock in Quebec province.

H. Wilson, Charing Cross, Ont., hog producer in western Ontario.

F. H. Downing, Winnipeg, manager of Canadian Livestock Co-operative (Western) Ltd.

John Harrold, Namao, Alta., hog producer.

John Burns, Calgary, president, Burns and Co.

J. H. Tapley, Toronto, general manager of Swift & Co., Toronto.

K. N. M. Morrison, Barrie, Ont., general manager, First Co-operative Packers of Ontario Ltd.

(This committee has no chairman and meets only in conjunction with the Bacon Board.)

Dairy Products Board

This board regulates the export of dairy products to Britain under any agreement made between Britain and Canada. It can require any manufacturer or exporter to store dairy products. Also it may fix prices and inspect products.

Chairman: John F. Singleton, associate director of marketing, Dominion Department of Agriculture.

Members

John Freeman, Montreal, president of Lovell & Christmas (Canada) Ltd., exporters of dairy products, Montreal.

Joseph Felix Desmarais, Montreal, president of Co-operatives Federees, Quebec, Montreal.

Dept. of Fisheries

(Hon. J. E. Michaud, Minister)

Wartime Fisheries Advisory Board

The purpose of this board is to arrange for a supply of fish to the British market and maintain as far as possible existing markets.

Chairman: J. J. Cowie, acting deputy minister of fisheries.

Members

A. H. Brittain, past president, Canadian Fisheries Association, Montreal.

Louis T. Blais, president, Louis T. Blais, Ltd. and president, St. Lawrence Sea Products Co., Montreal.

H. G. Connor, president, Maritime National Fish Ltd., Halifax.

W. H. Smith, president, Lunenberg Sea Products, Lunenberg, N.S.

T. R. Clouston, General Sea Foods Ltd., Halifax.

A. Neil McLean, president, Connors Bros. Ltd., Black's Harbor, N.B.

Col. J. W. Nicholls, Canadian Fish and Cold Storage Co., Prince Rupert, B.C.

A. L. Hager, president, Canadian Fishing Co., Vancouver.

Major Hugh A. Green, Coastal Fisheries Ltd., Montreal; director of fish supplies for the Canadian army in last war.

W. G. Akins, publicity agent, Toronto.

Secretary: F. W. Wallace, editor, Canadian Fisherman; supervisor of fish division of Canada Food Board in last war.

Lobster Control

The dissolution of markets has necessitated the appointment of a controller who will supervise the entire field of production and marketing of canned lobster.

Controller: Dr. D. B. Finn, deputy minister of Department of Fisheries.

Advisory Committee

G. S. Lee, O'Leary & Lee, Halifax.

Bert McInerney, Halifax, secretary, United Maritime Fishermen.

W. H. Tidmarch, Charlottetown, canner.

Emile Paturel, Shediac, canner.

CANADIAN SECURITIES

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DOMINION SECURITIES CORPORATION LIMITED

TORONTO MONTREAL WINNIPEG VANCOUVER NEW YORK LONDON, ENG.

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The Eastern Trust Company

Announces the Appointment of

Mr. Clarence N. Bissett, B.A., LL.B.,

as Manager of its Montreal Branch, effective August 1st, succeeding Mr. W. E. Mowat who is retiring after many years with the Company.

Mr. Bissett has been the Company's manager at Charlottetown, Prince Edward Island, for a number of years, prior to which he was a Trust Officer at the Head Office. Previous to his studying Law at Dalhousie University, Halifax, he had several years' experience in general business, accounting and auditing. He has a wide experience in estate and trust administration, and in every phase of trust company activity.

HEAD OFFICE—HALIFAX, N.S.

Branches at
CHARLOTTETOWN ST. JOHN'S, NFLD. MONTREAL
MONCTON SAINT JOHN, N.B. TORONTO

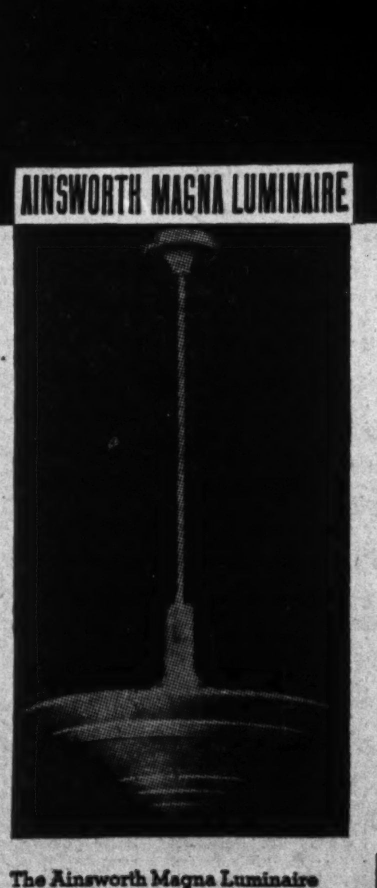
CONFUSION or CONFIDENCE

Which will be associated with your estate? You alone have the power to decide. Confusion by the appointment of unqualified though well meaning executors, or confidence by the appointment of a reliable fully experienced and permanent trust company.

MONTREAL TRUST COMPANY
Montreal Trust Building
61 Yonge Street Toronto
J. F. HOBKIRK, Manager

THE ONTARIO LOAN AND DEBENTURE CO
LONDON, CANADA
Established 1870

DEPOSITS ACCEPTED 5-YEAR DEBENTURES ISSUED
Deposits and Debentures (31 Dec., 1939), $11,793,464
Capital (Fully Paid), $2,000,000 Reserve Fund, $2,400,000



AINSWORTH MAGNA LUMINAIRE

The Ainsworth Magna Luminaire has a luminous bowl of a new glass "Alloy" which gently diffuses light. It is practically invisible, blending with the ceiling.

EVOLUTION

HERE IS AN OFFICE FIXTURE
THAT BRINGS NATURE'S LIGHT indoors

Here is an entirely new development in modern lighting—a new type of equipment which overcomes all imperfections of previous light sources. The Ainsworth Magna Luminaire differs from the most modern equipment you have ever seen. It is designed to simulate the natural light of Nature's sky. No shadows appear on the ceiling or on the reflecting surface of this unit. It is truly the perfect fixture. You can get the complete story of this newest advance in lighting for offices, showrooms, and stores from one of our lighting specialists. Advise the nearest of our twenty-one branch houses, no obligations.

ILLUMINATION DIVISION

21-810R-2

Northern Electric COMPANY LIMITED
A NATIONAL ELECTRICAL SERVICE

THE WEEK'S QUOTATIONS

Toronto and Montreal Exchange

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING AUG. 12

Mining Stocks

Week Ending Aug. 12

P, Q, R

Par Val.	Range 1940 High	Low	Company	Sales	Close Aug. 5 (or last)	High for week	Low for week	Close Aug. 12
No	2.35	.78	Pamour	1,200	1.00	1.00	.98	1.00
1	.10½	.02	Pandora	2,100	.04	.05	.05	.05
1	2.65	1.40	Pato Cons. G.	175	1.75	2.00	1.60	2.00
1	.10	.02	Partanen Mal.	2,000	.03	.03	.03	.03
1	.02	.00½	Pawnee Kirk.	2,000	.00½	.01½	.01½	.01½
1	.53	.20	Paymaster	5,200	.20	.23½	.23	.23
1	2.35	.90	Pend Oreille	2,830	1.25	1.20	1.12	1.15
1	2.12	1.01	Perron Gold	3,950	1.45	1.50	1.43	1.45
1	4.30	2.12	Pickle Crow	2,665	2.65	2.71	2.50	2.53
1	2.35	1.45	Pioneer Gold B.C.	600	1.95	1.95	1.90	1.90
1	14.50	9.00	Placer Devel.	100	9.50	9.00	9.00	9.00
1	2.18	.55	Powell Rouyn	2,000	.67	.70	.65	.65
1	1.42	.68	Premier Gold	3,050	.78	.85	.76	.76
1	2.40	1.30	Preston E. Dome	13,720	1.75	1.73	1.64	1.66
No	.35	.23	Prospectors Air's.	......	(.15 bid .20 asked)			
1	.42	.20	Quebec Gold	......	(.20 bid .... asked)			
No	.08	.02	Quemont	......	(.03 bid .07 asked)			
No	.08½	.01	Red Crest	......	(.01½ bid .04 asked)			
1	.57	.12	Reno Gold	800	.15	.16	.13	.13
1	.26	.20	Reeves McDonald	......	(.26 June 7)			
1	.00¾	.00½	Robb Montbray	1,350	.00½	.00½	.00½	.00½
1	.06½	.02½	Roche Long Lac	1,300	.03½	.03½	.03½	.03½

S, T, U, V, W, Y

Par Val.	Range 1940 High	Low	Company	Sales	Close Aug. 5 (or last)	High for week	Low for week	Close Aug. 12
1	2.50	1.25	San Antonio	2,308	1.70	1.75	1.65	1.65
1	.15	.05	Sand River	500	.05	.05½	.05½	.05½
1	.57	.10	Senator Rouyn	4,600	.25	.27	.24	.24
1	.05½	.01	Shawkey	2,500	.01½	.02	.01½	.01½
50c.	1.24	.75	Sheep Creek	1,722	.84	.86	.75	.75
1	1.18	.50	Sherritt Gordon	3,791	.65	.65	.58	.60
1	8.75	4.00	Sigma Mines	......	(5.20 bid 5.50 asked)			
1	.95	.59	Siscoe	11,300	.63	.63	.59	.63
1	.61	.20	Sladen Malartic	2,100	.34	.31	.30	.30
1	.07½	.02½	Slave Lake	5,500	.05	.05	.04½	.05
1	.21	.07½	St. Anthony	5,500	.10	.09½	.09	.09
No	3.10	1.05	Steep Rock	5,245	1.53	1.57	1.50	1.50
No	.08½	.03	Straw Lake	28,600	.05	.06	.04½	.04½
1	.21	.09	Sturgeon River	2,000	.10	.12	.11½	.12
No	2.05	.80	Sudbury Basin	1,010	1.05	1.10	.90	.90
1	.08½	.04	Sudbury Contact	......	(.02½ bid .04½ asked)			
1	1.02	.45	Sullivan Cons.	700	.60	.55	.55	.55
1	3.45	1.90	Sylvanite	2,230	2.25	2.25	2.05	2.10
1	4.15	2.40	Teck Hughes	2,620	3.15	3.10	3.00	3.05
1	.08½	.02½	Temiskaming	2,700	.05½	.04½	.03½	.03½
1	1.90	1.00	Toburn Gold	400	1.25	1.05	1.05	1.05
1	.35	.09	Towagmac	700	.12	.10	.10	.10
1	1.12	.25	Uchi Gold	2,100	.35	.35	.35	.35
	97.00	64.00	Do., Bonds	100	64.00	72.00	72.00	72.00
1	.97	.54	Upper Canada	14,950	.76	.76	.73	.74
No	4.35	1.75	Ventures	510	2.20	2.35	2.10	2.15
No	6.05	2.65	Waite Amulet	1,483	3.10	3.10	2.90	3.00
1	.16	.06	Wendigo	2,100	.07	.07½	.07	.07
1	.03½	.01½	Wiltsey Coughlan	......	(.00½ bid .02 asked)			
1	.32	.08	Wood Cadillac	1,700	.11	.12	.10	.11
No	8.25	4.70	Wright-Hargreaves	2,795	5.80	5.80	5.50	5.50
No	.07	.04	Ymir Girl	......	(.04 bid .06 asked)			

Oil Stocks

Par Val.	Range 1940 High	Low	Company	Sales	Close Aug. 5 (or last)	High for week	Low for week	Close Aug. 12
No	.06	.02	Acme Gas & Oil	......	(.03½ bid .05½ asked)			
1	.21	.05½	Alta. Pac. Cons.	......	(.08½ bid .... asked)			
1	.22½	.10	Ajax	......	(.11 bid .... asked)			
No	1.03	.40	Anglo Canadian	1,800	.56	.57	.55	.57
No	.07	.06	Anaconda	......	(.03½ bid .04½ asked)			
No	.18	.06	Br. Dominion	......	(.... bid .... asked)			
No	.19½	.06½	Brown Oil	1,500	.09½	.08	.08	.08
100	75.00	65.00	Do., pref.	......	(.... bid .82 asked)			
No	2.39	1.00	Calgary & Ed.	870	1.40	1.40	1.35	1.38
1	.47	.18	Calmont	800	.26	.25	.23	.23
No	.33	.15	Commoil	......	(.21 bid .25 asked)			
No	.32	.10	Common Pete.	......	(.20 bid .... asked)			
No	.55	.15	Dalhousie	583	.20	.25	.15	.15
No	.35	.11½	Davies Pete	6,250	.13	.12½	.11½	.11½
No	.08	.02	East Crest	1,000	.04	.03½	.03½	.03½
No	.26	.15	Extension Oil	4,500	.17	.20	.19½	.20
No	.40	.27	Federated Pete.	......	(.30 bid .45 asked)			
25c.	.09	.05½	Firestone Pete.	500	.05½	.05½	.05½	.05½
No	1.05	.30	Foothills	300	.50	.42	.42	.42
25c.	.11	.06	Foundation Pete.	2,000	.07	.06½	.06	.06
No	.18	.17	Hargal	......	(.... bid .20 asked)			
No	.19½	.07	High Sarcee	......	(.08½ bid .... asked)			
No	3.10	1.30	Home	3,692	1.62	1.62	1.55	1.60
1	.07½	.01½	Homestead O. & G.	1,000	.02½	.02	.02	.02
No	.14½	.05	McD. Segur	......	(.... bid .08 asked)			
1	.30	.16	Model	......	(.16 bid .... asked)			
25c.	.09	.04½	Monarch Royalties	......	(.06 bid .07 asked)			
25c.	.21½	.04	National Pete.	......	(.02½ bid .05 asked)			
1	.07½	.02	Nordon	......	(.03 bid .04½ asked)			
No	.02½	.01½	Oil Selections	......	(.... bid .... asked)			
No	1.35	.60	Okalta	300	.70	.75	.69	.75
No	.06½	.02½	Pacalta	......	(.... bid .03 asked)			
1	.40	.20	Pacific Pete.	......	.26			
No	.35	.25	Petrol Oil & Gas.	......	(.25 bid .... asked)			
25c.	.22	.12	Prairie Royalties	2,000	.13½	.12½	.12½	.12½
No	36.50	17.63	Royalite	115	23.00	23.00	21.75	22.00
No	.62½	.20	South West Pete.	......	(.16 bid .... asked)			
No	.07½	.02½	South End	......	(.01½ bid .02 asked)			
5	2.25	.90	Texas Can.	......	(1.10 bid 1.15 asked)			
No	.08½	.03	United Oils	......	(.04 bid .... asked)			
1	.17½	.07	Vermilata	......	(.... bid .07 asked)			
No	.60	.25	Vulcan	......	(.26 July 5)			
No	.04	.02	West Flank	......	(.... bid .02 asked)			

Vancouver Stocks

Par Val.	Range 1940 High	Low	Company	Sales	Close Aug. 5 (or last)	High for week	Low for week	Close Aug. 12
1	.14	.04	Big Missouri	2,000	.05½	.05½	.05½	.05½
No	11.50	7.55	Bralorne	2,260	8.30	9.00	8.40	9.00
1	.01½	.01½	Bridge River Cons.	......	(.... bid .01 asked)			
1	2.70	1.65	Cariboo Gold	530	1.95	2.02	1.90	2.02
No	.01½	.01	Dentonia	......	(.... bid .01 asked)			
No	.02	.00½	Fairview Amal.	......	(.00½ bid .00¾ asked)			
1	.20	.10	George Copper	......	(.10 May 21)			
1	.05	.03½	Golconda	......	(.... bid .03½ asked)			
50c.	.28	.15	Gold Belt	......	(.20 bid .25 asked)			
50c.	.16	.08	Grandview	1,300	.10½	.10½	.10	.10
1	.04½	.01½	Grull Wihksne	1,250	.02½	.02½	.02½	.02½
1	.57	.30	Hedley Mascot	......	(.33 bid .... asked)			
No	.00¾	.00½	Home Gold	......	(.00½ bid .00½ asked)			
1	.01	.00½	Indian Mines	......	(.00½ bid .... asked)			
50c.	1.10	.63	Island Mountain	......	(.70 bid .... asked)			
1	.38	.30	Inter'tl Coal	1,000	.30	.35	.35	.35
50c.	.85	.25	Kootenay Belle	......	(.25 bid .35 asked)			
1	.25	.17	McGillivray Coal	......	(.16 bid .... asked)			
No	.05½	.01	Minto Mines	......	(.01½ bid .01½ asked)			
50c.	.04½	.01	Nicola	5,000	.01	.01	.01	.01
1	.13	.07½	Pacific Nickel	250	.08	.10	.10	.10
1	2.35	1.05	Pend Oreille	1,300	1.20	1.20	1.15	1.15
1	2.50	1.45	Pioneer Gold	355	1.87	1.95	1.80	1.95
50c.	.02½	.01½	Porter Idaho	......	(.01½ bid .02 asked)			
No	.01½	.00½	Premier Border	15,500	.01½	.01½	.01½	.01½
1	1.42	.72	Premier Gold	6,850	.80	.85	.75	.75
No	.94	.37	Privateer Mines	......	(.42 bid .46 asked)			
1	.03½	.01	Quatsino Copper	......	(.01 June 6)			
1	.14½	.04	Relief Arlington	6,000	.06½	.06½	.06	.06
1	.30	.15	Reeves McDonald	......	(.... bid .25 asked)			
1	.57	.10	Reno Gold	1,200	.15	.15	.15	.15
1	.06½	.04	Sally Mines	......	(.... bid .06 asked)			
50c.	.03½	.02	Salmon Gold	2,100	.03½	.05	.03	.05
50c.	1.22	.75	Sheep Creek	6,200	.85	.85	.84	.85
1	1.31	.60	Silbak Premier	......	(.60 bid .... asked)			
No	.02	.00½	Silvercrest	......	(.... bid .01 asked)			
1	.05	.05	Sunloch	......	(.05 May 11)			

Oil Quotations

Par Val.	Range 1940 High	Low	Company	Sales	Close Aug. 5 (or last)	High for week	Low for week	Close Aug. 12
25c.	.21	.05	National Pete.	......	(.... bid .05 asked)			
1	.05	.04	Nordon	......	(.04 Apr. 20)			
No	1.31	.58	Okalta	1,000	.71	.71	.70	.70
No	.05½	.03	Pacalta Oil	......	(.... bid .03 asked)			
1	.42	.19	Pacific Petroleums	3,000	.25	.26½	.23	.23
25c.	.25	.12	Prairie Royal	1,500	.12	.13	.12½	.13
No	.10½	.06	Royal Crest	5,000	.07½	.08	.07	.08
No	36.00	15.00	Royalite	15	24.00	24.00	22.50	22.50
No	.19½	.12½	Royal Canadian	4,000	.13½	.13½	.12½	.12½
No	.07½	.03	South End	......	(.03½ May 16)			
No	.60	.21	Southwest Pete	......	(.20 bid .28 asked)			
1	.06	.05	Spooner	......	(.02 bid .... asked)			
25c.	.38	.18½	Sunset Oil	......	(.... bid .... asked)			
No	.09	.03½	United	......	(.04½ bid .... asked)			
No.	.67	.03½	Vanalta	1,000	.03½	.03½	.03½	.03½
1	.63	.23	Vulcan	200	.25	.26	.26	.26
No	.05	.03	West Flank	......	(.05 May 11)			

Winnipeg Stocks

(Transactions from Aug. 2 to Aug. 10)

	Sales	High for period	Low for period	Close Aug. 10
Arrow Oil	500	.17¼	.17¼	.17¼
Beresford Lake	6,000	.01½	.01½	.01½
Berens River	425	1.00	1.00	1.00
Dom. Envelope, pfd.	5	90.00	90.00	90.00
Federal Grain	25	.75	.75	.75
Home Invest.	12	13.50	13.50	13.50
Northern Trust	120	5.50	5.50	5.50
Sachigo River	10	1.25	1.25	1.25
United Grain	1	6.50	6.50	6.50
Western Brew.	20	1.40	1.40	1.40
Western Grain, p.	25	5.00	5.00	5.00
Western Steel	100	6.87	6.87	6.87
Wingold	5,000	.04½	.04	.04

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire	75	..
Beav. Lumber, c.	..	4
Do., pref.	100	..
Can. Airways	1	..
Can. Indemnity	120	..
Dom. Envelope, c	..	7½
Federal Grain, p.	26	..
Nor. C. Mtge., p.	5	..
Nor. Mtge. pt. pd.	1¼	..
Nor. Trusts	..	6

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Aug. 13	8,200	10,000	127,000	......
Aug. 12	3,500	700	58,000	9,737
Aug. 10	2,800	4,300	55,000	12,460
Aug. 9	6,300	6,300	70,000	9,430
Aug. 8	6,000	4,400	83,000	26,350
Aug. 7	4,400	4,200	104,000	10,860

Government Bonds

(Supplied by Investment Dealers' Assoc. of Canada)

Dominion of Canada Bonds
Aug. 14, 1940

%	Due	Bid	Ask.	Approx. Yld.
4½	Sept. '40	100	100¼	...
1	Mar. '41	99⅞	100¼	.60
5	Nov. '41	104¼	104¾	1.28
1½	May '43	100	100½	1.21
2	June '43	100⅞	101½	1.30
3	Oct. '43	102¾	103¼	1.50
3½	June '43	101⅞	102¼	1.60
5	Oct. '43	108⅞	109⅜	1.90
3	June '44	99⅞	100¼	1.88
a2½	Jan. '44	83⅞	85¼	‡7.20
4½	Oct. '44	108¼	109	2.25
2½	Nov. '44	101¼	102	2.01
a2½	Aug. '45	80⅞	82¼	‡6.74
4	Oct. '45	105¼	106	b2.08
4½	Feb. '46	109¼	110	2.56
3½	June '49	101½	102¼	b2.83
3½	Oct. '49	102¼	103	b2.74
3½	Nov. '51	99⅞	100⅞	b3.16
3½	Feb. '52	99⅞	100⅞	b3.18
a5	May '52	88⅞	90¼	‡6.16
4	Oct. '52	104¼	105	b3.22
3	June '55	97	97¾	3.19
4½	Nov. '56	106½	107¼	b3.22
4½	Nov. '57	107	107¾	b3.29
3	June '58	96	96⅞	3.24
4½	Nov. '58	107¾	108¼	b3.31
4½	Nov. '59	108¼	109¼	b3.33
a4	Oct. '60	80¼	81½	‡5.52
a3½	Jan. '61	72¾	74¼	‡5.33
3½	June '66	98⅞	99¼	3.29
a3e	Jan. '67	70¾	72¼	‡4.88
a3e	Nov. '68	69⅞	71¼	‡4.88
†3	Perpet'l.	88⅞	89¼	3.36
Dominion Guarant'd Bonds				
Can. Nat'l. Railways:				
2	Feb. '43	100¼	100⅞	1.70
2½	Jan. '46	99	99⅞	2.30
3	May '44	103	104	1.89
3	Dec. '50	97¼	98¼	3.20
3	Feb. '53	96¼	97¼	3.27
3	Jan. '59	95	96	3.29
*4½	Sept. '51	111¼	112¼	3.22
*4½	Feb. '56	111⅞	112⅞	3.43

%	Due	Bid	Ask.	Approx. Yld.
4½	July '57	112	113	3.48
*4½	June '55	114¼	115¼	3.42
5	Feb. '54	114⅞	115⅞	3.53
*5	July '60	111¼	112¼	b2.95
*5	Oct. '69	115¾	116¾	b3.34
*5	Feb. '70	115¾	116¾	b3.40
Grand Trunk Pacific Rly.:				
3	Jan. '62	95⅞	96⅞	3.21
Provincial Gov't. Bonds				
New Brunswick:				
3	Oct. '51	82	84	4.83
3½	Aug. '49	84	87	5.06
3½	June '56	83	85	4.88
c4	Nov. '47	92	95	4.82
c4½	Apr. '61	94	96	4.80
c5	Jan. '60	98	101	4.92
Nova Scotia:				
3	Jan. '52	90	92	3.87
3½	June '56	90	92	3.93
3½	Nov. '50	94½	96½	3.94
c4½	Sept. '52	103	105	b3.69
c4½	Nov. '60	103½	105½	4.10
c5	Mar. '60	108	111	4.17
Ontario:				
2½	May '45	99	100	2.50
3	Apr. '48	97½	98½	3.22
3	Nov. '50	96½	97½	3.29
3½	Nov. '51	98½	99½	3.30
3½	May '55	97½	98½	3.38
*4	June '62	103	104½	3.70
4½	June '50	108½	109½	3.35
*4½	Jan. '62	108	110	3.82
5	Oct. '48	110½	111½	3.39
*5	Dec. '60	116½	119	3.67
5½	July '46	110½	111½	3.34
Ont. Hydro Commission:				
3	Aug. '48	97½	98½	3.25
3½	Feb. '53	98½	99½	3.32
3½	Apr. '47	100⅞	101⅞	3.20
Prince Edward Island:				
3	Oct. '45	92	93	4.08
Quebec:				
3	Nov. '47	94	95	3.78
3½	Mar. '48	95	96	3.86

%	Due	Bid	Ask.	Approx. Yld.
3½	Mar. '54	91½	92½	3.97
3½	Mar. '59	91	92½	4.09
4	Mar. '52	98½	100½	3.95
4½	Aug. '58	100	101½	4.13
4½	Jan. '63	102	104	4.22
Alberta:				
4	Dec. '54	53½	57½	d
4½	Oct. '51	60	..	d
c4½	Oct. '56	55	59	d
*5	Oct. '59	57	61	d
c5½	Apr. '52	62½	66½	d
6	Mar. '47	65	69	d
British Columbia:				
c4	Dec. '57	93	97	4.23
*4½	Jan. '51	97	101	4.39
c4½	Oct. '53	97	101	4.40
c5	Apr. '54	102	106	4.42
5½	Feb. '45	101	105	4.28
6	Feb. '47	103	107	4.74
Manitoba:				
c4	Dec. '57	85	89	4.96
c4½	Dec. '56	86½	90½	5.37
*5	Dec. '59	91	95	5.43
5½	Oct. '55	92½	96½	5.85
6	Apr. '47	97	101	5.81
Saskatchewan:				
4	Sept. '54	70	74	6.86
4	Nov. '60	69	73	6.37
c4½	Oct. '51	82	86	6.22
c4½	Mar. '60	72½	76½	6.67
5	Aug. '58	75½	79½	7.08
5½	Oct. '52	81	85	7.38
6	Mar. '52	84	88	7.98

*Payable Can., N.Y. and £. b–Calculated to call date giving lowest possible yield. c–Payable Can. & N.Y. a–Payable N.Y. †–Callable on or after Sept. 15, 1966. d–Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e–Callable at a premium. ‡–N.Y. funds.

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

August 13, 1940

Industrials:	Bid	Ask.
Acme Farm, D.	17½	22
Andian National	27	29
Anglo C. Tel., A	7½	8½
Atlas Steel	13½	..
Barrymore, pfd.	24	..
Blue T. Brew. B	3½	5
B. C. Pulp, c.	12	13½
Do., pfd.	40	50
B. C. Sugar	75	78
Burns & Co., A	4½	6
Do., B	2½	3½
Can. G'rich, C	1½	..
C. I. L., A c.	188	195
Can. Ing. Rand	65	68
Can. Tube, 1st p	65	75
Chase, A. W., p	17	..
Claude Neon, p	5½	7
Colonial Steam.	13	15
Cope, Flour unit	13	18
Dom. Manuf., p	60	65
Dunlop T., p $25	22½	23½
Easy Wash. p $10	7½	9
Goderich Elev.	7	8
Guard. Realty p	16½	20½
Guelph Carp., p	97	102
Do., com.	15	18
Gurney Fdry.	1¼	1½
Hayes Steel, c	9	10
Hi'land Dairy, p	45	52½
Inglis, John, c	4	7
Ingram & Bell	21½	25
Kingston Sh. un.	21	24
Loblaw Inc., c	11¾	12¼
Morrison Br. un	6	8
M'row Screw, p.	98	..
Do., com.	7	..

	Bid	Ask.
Neilson, Wm., c	9	..
Do., pfd.	100	..
N. B. Tel., c	12	14
N. Meth. Ldy., p	..	58
Office Spec., pf	65	..
Paterson Wm. p	100	..
Prov. Paper pfd	99	102
Rob'tson P. L. p	94	..
Rob. Cons. Cone	5	7
Ruddy, E. L. p	23	27
Seal O Sac (Can.)	1	2
Stand. Fuel, c	50	58
Stedman, pf $50	54	58
Tor. Carpet, c	30	35
Do., pfd.	58	62
Un. F. Co-op.	2	3
Un. Steel, A pf	21	23
Viceroy p & rts	25	..
Trusts & Loan Stocks:		
Brit. Mtge.	145	152
Capital Trust	25	30
Com. Fin., c	2½	3½
Grey & B Tr $50	42	46
Guaranty Trust	95	100
Guelph & C $50	50	55
Lambton Loan	31	34½
London & West	35	40
Sherbrooke Tr.	120	..
Sterling Trust	55	..
Traders Fin. A c	8	11
Do., A. pfd	75	80
Trusts & Guar.	24	25½
Victoria Trust	70	80
Insurance Stocks:		
Brit. Amer.	52	57
Canada Life	415	445

	Bid	Ask.
Confed. 30% pd	130	140
Crown, fully pd	240	280
D. of Can. Gen.	100	112
Dominion Fire	130	..
Empire 25% pd.	5	7
Excelsior 36% pd	57	62
Federal 25% pd	50	..
Great-West Life	205	225
Imperial Life	280	300
Manufac. Life	220	245
Sov. L. 25% pd	12	14
Sun Life	290	320
Tor. General	5	5½
Wellington Fire	58	..
Western Assce.	40	44½
Do., pref.	40	43
Theatre Stocks:		
Allens, King., p	61	62½
Do., Lond., p.	53½	56
Do. St. Cath. p	51	55
Do., Tor., p.	30	35
Mansf. Theat., p	27	31
Para., Kitch., p.	50	56
Do. Oshawa, c	9	11
Investment Trust Shares:		
Can. Investors	7	8
Deb. & Sec., pf.	60	..
Sec's. Hold., pf.	17	23
United Corp., A	17	19
Do., B	4	6
Power Issues:		
Can. W. N. Gas	25	..
Do., pfd.	96	99
Gt. Lakes Pr., p	98	102
Mtl. Is. Pwr., p.	17½	20
Nor. Ont. Pr., p.	88	92

Unlisted Mines

Toronto, Aug. 13, 1940

	Bid	Ask
Acordia	.25	.27
Addington	.01½	.02
Albany R	.07	.09
Amal Kir	..	.05½
Anoki	.06½	.07½
Arjon	.01½	.04
Armistice	.01½	.02
Argosy	.03½	.04½
Arno	..	.01½
Area	.03	.03½
Athona (Old)	.01	.02
(New)	.01½	.02½
Barb Lard	.01½	.02½
Bilmac	.01	.02
Buff Bear	.01	.02
Calder Bo	.01	.02½
Central	.02½	.03
Cheminis	.02	.03
Coin Lake	.02	.03
Cons Chib	.02½	.03½
Crescent	.00¾	.01½
Dayton	.01½	.02½
Demp Cad	.00¾	.01½
Desants n	.08½	.10
Dona Pat	.02½	.04
E Lacoma	.00½	.01

	Bid	Ask
Elmos	.06	.08
Franco	.25	.30
Galore	.01	.02
Gate Pat	.00½	.01
Gilbec	.00½	.01
Gordon Lb	.01	.02
Hiawatha	.05	.08
Hoyle nw	.16	.18
Hugh PaP	.02	.02½
Hutch Lke	.02½	.03
Jolliette	.02	.03
Keora	..	.02
Kenricia	.02	.02½
Kewaga'a	..	.01½
Kiena	.06	.08
Kirk Gate	.01	.02
Lacoma	.00¾	.01½
Lake Duf	.15½	.17½
Lake Gen	.03	.07
Lw Pete	.15	.20
Magnet C	.59	.64
Magnet L	.12	.15
Magwell	.02	.04
Martin Br	.02½	.03½
Margaret	.04	.07
Mata Cana	.02	.05
Mof Hal n	.01	.02

	Bid	Ask
Mooshla	.01½	.02½
Mosher	.06	.07
Nat Mal	.28	.31
Negus	.45	.55
New Roy	..	.01
Nickel O	.75	..
Norbeau	.12	.15
Norlake	.01	.02
North Amer Moly'm	.15	.19
Norwin	..	.10
Oklend	.04	.05
O'Leary	.01	.02
Opemiska	.01½	.03½
Oriole	.01	.01½
Orpit	.01	.02
Ossian	..	.02
Pacsack	.04	.06
Pascalis	.19	..
Phoenix	.02	.03
Pontiac Rouyn (Old)	.02	.04
Pelangio	.01	.01½
Polaris	.18	.21
Porc Lke	.02½	.03½
Privateer	.43	.46
Propri'y	1.40	1.60

	Bid	Ask
Presdor	.01½	.02½
Queb Mn	.05½	.07
Rahn Lke	.05½	.06½
Rand Ml	.07	.09
Red Lake	.01½	.01½
Sachigo	1.25	1.75
Senore	.10	.12
Shenango	.02½	.03½
Sheldon	.03	.05
Siscoe Ex	.01½	.02½
Skynner	.02	.03
Smelters G	.00½	.00¾
Spooner	.02½	.03½
Sunbeam	.03	.05
Springer	.03	.04
Stadacona	.04	.07
Thomson	.10	.12
Thomp Cd	.03	.05
Treaty P	..	.22
Union Min	.02½	..
Wasu	.04	.06
West Red	.01½	.02½
Winoga cum rts	.02	.03
Woco	.04	.06
Y David'n	.15	.18

Montreal, August 13, 1940

	Bid	Ask
Cad Exp	.02	.04
Chibmac	..	.02
C Pand'ra	..	.02
Cournor	.07	.10
Dubisson	.07	.10
L Rowan	.02	.03
Obalski	.03	.04
Pan Can	.02	.04
Scott Ch	.01	.02
Westwd C	.01	.01½

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Aug. 13, 1940

Public Utility Issues:	Int. Rate %	Due	Bid Aug. 12	Asked Aug. 12	Bid Aug. 6
†Assoc. Tel. & T.	5½	'55	72	76	73
B. C. Power	4½	'60	95	99	94½
B. C. Tel.	4½	'61	101½	105½	101
†Calgary Pwr.	5	'60	103	107	103
Do.	5	'64	100	104	102
†Can. Nor. Pwr.	5	'53	105	109	104½
*Dom. Gas & El.	6½	'45	96	100	96
Gatineau Pwr.	5	'49	100½	104½	101
Do., B.	3½	'69	95	99	95
Gt. Lakes Pwr.	4½	'56	94½	98½	95½
*Int. Hydro-E.	6	'44	70½	73½	72½
▲Inter. Power	6	'55	99½	103½	99½
Macl'n-Que. Pr.	4	'59	91	95	90½
Mtl. L. H. & P.	3½	'56	96½	100½	96
Do.	3½	'73	92½	96½	92
†Mtl. Tramways	5	'41	89	93	89
†Do.	5	'55	58½	62½	57½
Nat. Lt. & Pwr.	6	'49	94	98	94
N. S. Lt. Pr.	4	'57	97	101	97
Ottawa H. & P.	4	'57	97	101	97
Ottawa V. Pwr.	5	'59	101	105	101
†Power Corp.	4½	'59	97½	101½	95
Quebec Pwr.	4	'62	96½	100½	96½
*Saguenay P., A.	4½	'66	103	107	103
♦Do., B.	4½	'66	101½	105½	101
Shaw. W. & P.	4	'61	98	102	98
Union Gas	4½	'50	100	104	99
United Secs.	5½	'52	55	59	55
Wpg. El., ser. A	4	'65	68½	72½	69
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	56	60	56½
Acadia Sugar	4½	'55	97½	101½	98
†Alta. Pa. Grain	6	'46	93½	97½	92
Atlantic Sugar	4	'51	97½	101½	97
†B. C. P. & Pap.	6	'50	79	83	79
*Brown Co.	5½	'46	43	47	43½
Burns & Co.	5	'58	59	63	58
Canada Bread	6	'41	99	103	99
Canada Cement	4½	'51	101	105	101
Can. Paper	4½	'52	98	102	98
Can. Steamship	5	'57	91½	95½	92
Can. Canners	4	'51	99	103	97½
*Can. Int. Paper	6	'49	97½	101½	98
C. P. R.	3½	'51	84	88	83½
Do.	4	'49	88	92	88
Do.	4½	'44	93½	97½	93
Do.	6	'42	101½	105½	101½
†Consol. Paper	5½	'61	59	63	59½
Dom. Coal	4½	'52	98½	102½	98½
Dom. Stl. & Co.	6½	'55	101½	105½	102
Dom. Tar	4½	'51	97½	101½	98
†Donnacona P.	4½	'56	75½	79½	75
Famous Players	4½	'51	97½	101½	97½
†Federal Grain	6	'49	94½	98½	92
†Fraser Cos.	6	'50	93½	97½	92
Gen. Stl. Wares	4½	'52	96	100	95½
*Great L. Paper	5	'55	87	91	88
†Gypsum, Lime	5½	'48	87½	91½	88
Ham. By-Pr. C.	5	'55	99½	103½	99½
Inter.-City Bak.	5½	'48	100	104	100
*Inter. P., Nfld.	4½	'68	87	91	87
Lake St. J. P.	5½	'61	86	90	84½
Maple Leaf M.	3	'58	66	70	66½
Massey-Harris	4½	'54	85	89	84½
McColl-Fron.	4½	'49	99	103	98½
McCormick's	4	'52	90	94	90
*M. & O. Paper	6	'45	42	46	42
Nat. Grocers	4	'47	99½	103½	99½
N. S. Stl. & Co.	3½	'63	77½	81½	77½
Price Bros.	5	'57	93½	97½	92½
*Prov. Paper	5½	'47	102	106	102½
Reliance Grain	4½	'52	92	..	90
†Restigouche Co.	6	'48	92	96	92
Rolland Paper	4½	'51	100½	104½	100½
Simpson's Ltd.	4½	'51	98½	102½	98
Smith, Howard	4½	'51	100½	104½	100
*United Gas	5½	'48	102	106	102
United Gr. Grs.	5	'48	90	95	95
†Western Grain	6	'49	37	41	37½

*Payable in Canada, or U. S.
†Payable in Can., U. S., or U. K.
▲Payable in Can. or U. K.
*Payable in U. S. only.
♦Payable in Canada only.

Municipal Bonds

Aug. 13, 1940

†Halifax	5	1961	102.00	106.00	4.55
Hamilton	5	1950	109.85	111.85	3.55
Montreal	5	1945	90.00	93.00	6.83
Ottawa	4½	1945	104.10	106.10	3.15
†Quebec	5	1959	103.00	107.00	4.45
Saint John	5	1950	100.00	103.00	4.63
†Toronto	4½	1955	107.00	109.50	3.63
†Vancouver	5	1950	94.00	98.00	5.27
Winnipeg	5	1944	97.00	101.00	4.70

†Payable Can. and N.Y.

Mining Dividends

		Close Aug. 12	Yield %
Beattie Gold	‡8c	.80	..
Bralorne	80c+40c	9.00	*13.3
Buffalo Ankerite	‡31c	3.00	..
Bulolo Gold	$3	13.50	22
Can. Malartic	‡6c	.40	..
Cariboo Gold	16c+6c	1.95	*11.3
Central Patricia	16c+6c	1.66	*12.0
Coniagas	‡25c	1.30	..
Coniaurum	16c	1.07	14.9
Cons. Smelters	$1+$1	33.50	5.9
Delnite	†3c	.50	..
Dome Mines	$2	20.00	10.0
East Malartic	‡20c	2.75	..
God's Lake	2½c	.29	..
Gold Belt	†2c	.16	..
Gunnar Gold	6c	.38	15.3
Hallnor	60c	5.50	10.9
Hard Rock	‡9c	.69	..
Hedley Mascot	‡6c	.30	..
Hollinger	65c+45c	11.00	*10
Howey Gold	‡2c	.23	..
Hudson Bay	$1.75	23.75	7.3
Inter. Nickel, com.	$2	34.25	5.8
Island Mountain	‡8c	.64	..
Kerr Addison	5c	2.20	..
Kerr Lake	‡5c	.30	..
Kirkland Lake	10c+2c	.90	13.3
Kootenay Belle	‡10c	.30	..
Lamaque Gold	40c+10c	4.85	*10.3
Lake Shore	$2	19.38	10.3
Leitch	8c	.48	16.6
Little Long Lac	30c	2.00	15.0
Macassa	32c	3.25	9.8
Madsen R. Lake	†3c	.32	..
McGillivray Coal	3c	.25	..
McKenzie Red L.	12c+2c	.97	*14.4
McWatters	10c	.25	..
Moneta	12c	.45	..
McIntyre Porc.	$2+$1	40.00	*7.5
MacLeod Cockshutt	†10c	1.53	..
Nipissing	15c	.95	..
Noranda	$4	53.00	7.5
North Empire	‡40c	7.25	..
O'Brien Gold	‡5c	.86	..
Pamour Porc.	12c	1.00	12
Pato Cons.	20c	2.00	11
Paymaster	2c	.23	..
Perron Gold	16c+4c	1.45	*13.7
Pioneer, B.C.	40c	1.90	21
Pickle Crow	40c	2.53	15.7
Placer Develop.	$1.20	9.00	13.3
Premier	12c	.76	15.7
Preston E. Dome	‡15c	1.66	..
Privateer Mine	‡13c	.45	..
Powell Rouyn	20c	.65	..
Quebec Gold	‡2c	.25	..
San Antonio	14c+3c	1.65	*10.3
Sheep Creek	16c+2c	.75	*24
Sherritt Gordon	†5c	.60	..
Silbak Prem.	16c	.70	22.8
Siscoe	12c+1c	.63	*20
Sturgeon River	†2c	.12	..
Sudbury Basin	‡2½c	.90	..
Sullivan Cons.	‡6c	.55	..
Sylvanite Gold	20c+5c	2.10	*11.9
Teck-Hughes	40c+5c	3.05	*14.7
Toburn	8c+8c	1.05	*14.3
Upper Canada	†3c	.74	..
Ventures	15c	2.15	..
Waite Amulet	†10c	3.00	..
Wright-Harg.	40c+30c	5.50	*12.7

*Yield including bonus. †Initial.
‡Paid or payable in 1940 to date.

Investment Trusts

	Bid	Asked
Affiliated Fund	2.42	2.65
Can. Amer. Trust	2.90	3.20
Can. Inv. Fund	3.10	3.50
All Can. Trustee	8.90	9.65
Grouped Income	...	3.15
Trans-Canada Shs.	9.80	10.80

Hamilton United Cuts September Dividend

Hamilton United Theatres Ltd. declared quarterly dividend of $1.25 a share on its 7% preferred stock, payable Sept. 30, 1940, to sales on the record August 31. This is a reduction from the previous rate of 6% per annum, or $1.50 per quarter, which has been paid since Sept. 30, 1937. Arrears, following the current dividend, will amount to $19 a share.

Dividends Declared

	This payment	Date payable	Date of record
Agnew Surpass ..	40c	Sept. 2	Aug. 15
Do., bonus	20c	Sept. 2	Aug. 15
Do., pref.	$1.75	Oct. 1	Sept. 16
Anglo-Candn. Tel.	15c	Sept. 3	Aug. 15
Assoc Brew.	25c	Sept. 30	Sept. 14
Do., pref.	$1.75	Oct. 1	Sept. 14
Aluminium, c.	$1.50	Sept. 5	Aug. 20
Do., pref.	†$1.50	Sept. 1	Aug. 15
Beattie Gold	▪4c	Sept. 20	Sept. 9
Borden's	30c	Sept. 3	Aug. 15
Bk. Can. Nationale	$2	Sept. 1	Aug. 15
Bank of Montreal .	$2	Sept. 3	July 31
Bk. of Nova Scotia	$3	Oct. 1	Sept. 14
Bank of Toronto ..	$2.50	Sept. 3	Aug. 15
T. G. Bright	$1.50	Sept. 14	Aug. 31
Brown Oil pf.	$1.50	Aug. 28	Aug. 3
Can. Converters ..	50c	Aug. 15	July 31
Coniaurum Mines .	4c	Sept. 25	Sept. 14
Canadian Oil, c. .	12½c	Aug. 15	Aug. 1
Do., extra	12½c	Aug. 15	Aug. 1
Can. Tube & Steel	$1	Sept. 16	Sept. 9
Can. Ingers'l Rand	$1	Sept. 4	Aug. 15
Canadian Oil, pf. .	$2	Oct. 1	Sept. 20
Can. Pac. Rly. ...	2%	Oct. 1	Sept. 2
Can. Starch, pref.	$3.50	Aug. 15	Aug. 8
Comm'wealth Intnl.	4c	Aug. 15	July 15
Commoil	1c	Aug. 29	Aug. 15
Cosmos Imperial, c.	30c	Aug. 15	July 31
Calgary & Edm. .	▪10c	Sept. 30	Aug. 31
Can. Malting	50c	Sept. 14	Aug. 31
Canadian Ind., c.	$1.75	Oct. 31	Sept. 30
Do., pref.	$1.75	Oct. 15	Sept. 30
Can. Wire & C., A	$1	Sept. 15	Aug. 31
Do., B	25c	Sept. 15	Aug. 31
Do., pref.	$1.62½	Sept. 15	Aug. 31
Chartered Trust ..	$1	Oct. 1	Sept. 16
Comm. Alcohols, p.	10c	Oct. 15	Sept. 30
Crown Cork	50c	Aug. 15	Aug. 10
Can. Malartic	2c	Sept. 26	Sept. 5
Corporate Investors	5c	Aug. 15	July 30
Can. Fairbanks-M.	50c	Aug. 15	July 31
Dom. Ang. Inv. pf.	$1.25	Sept. 3	Aug. 15
Dominion Bridge	30c	Aug. 24	July 31
Dom. Scottish	50c	Sept. 1	Aug. 20
Dom. Fdry. & St'l	$1.50	Sept. 3	Aug. 20
East Malartic	10c	Aug. 31	Aug. 1
Easy Washing, pf.	17½c	Aug. 15	July 31
Extension Oil	1½c	Aug. 31	Aug. 15
Four Star Pete. ...	1c	Aug. 15	July 20
Granby Cons.	†15c	Sept. 3	Aug. 16
Gen. Stl. Wares, p.	$1.75	Aug. 20	Aug. 10
Do., partic.	25c	Aug. 20	Aug. 10
Gurd, Chas., p. ...	$1.75	Aug. 15	Aug. 1
Hedley Mascot ...	2c	Aug. 15	July 24
Hallnor Mines ...	15c	Sept. 4	Aug. 15
Hamilton Un. Th.	$1.25	Sept. 30	Aug. 31
Inter. Nickel	†50c	Sept. 30	Aug. 31
Kerr Lake M.	†5c	Aug. 29	Aug. 20
Kirkland L. Gold	5c	Nov. 1	Sept. 30
Do., extra	1c	Nov. 1	Sept. 30
Lake of W. Mill., p.	$1.75	Sept. 3	Aug. 17
Leitch Gold	2c	Aug. 15	July 31
Laura Secord	20c	Sept. 1	Aug. 15
Little Long Lac ..	10c	Aug. 20	Aug. 5
Loblaw, Groc., A, B	25c	Sept. 3	Aug. 10
Loblaw Groc. Inc.	†20c	Aug. 31	Aug. 15
Montreal Loan ..	31¼c	Sept. 16	Aug. 31
McIntyre Porc. ..	†50c	Sept. 3	Aug. 1
McKenzie R. Lake	3c	Sept. 16	Sept. 2
Nat. Biscuit	†40c	Oct. 15	Sept. 10
Do., pref.	†$1.75	Aug. 31	Aug. 16
Noranda Mines ...	$1	Sept. 16	Aug. 17
N. Scotia L. & P.	$1.50	Sept. 3	Aug. 15
Ogilvie Fl'r Mills	$1.75	Sept. 3	Aug. 19
Ontario Steel	75c	Aug. 15	Aug. 6
Do., pref.	$1.75	Aug. 15	Aug. 6
Press Metals	†25c	Sept. 3	Aug. 15
Penmans	75c	Aug. 15	Aug. 5
Perron Gold	4c+1c	Sept. 21	Aug. 31
Prov. Bank	$1.50	Sept. 1	Aug. 15
Paton Mfg.	50c	Sept. 15	Aug. 31
Do., pref.	$1.75	Sept. 15	Aug. 31
Photo Engravers ..	50c	Sept. 3	Aug. 15
Prov. Transport ..	20c	Aug. 15	Aug. 5
Quebec Power	25c	Aug. 26	July 22
Riverside Silk	50c	Oct. 1	Aug. 13
Remington Rand .	20c	Oct. 1	Sept. 10
Do., pref.	$1.12½	Oct. 1	Sept. 10
Rolland Paper	15c	Aug. 15	Aug. 5
Do., pref.	$1.50	Sept. 2	Aug. 15
Royal Bank	$2	Sept. 3	July 31
South. Can. Pr. ..	20c	Aug. 15	July 31
Siscoe Gold	3c	Sept. 16	Aug. 16
Shawinigan Pr. ..	23c	Aug. 26	July 24
Stuart, D. A. Oil, p.	20c	Sept. 3	Aug. 15
Surf Inlet	1½c	Sept. 16	Aug. 16
Sylvanite Gold ...	†5c	Sept. 30	Aug. 17
Teck-Hughes	▪10c	Oct. 1	Sept. 10
Do., bonus	▪5c	Oct. 1	Sept. 10
Toburn Gold	2c	Aug. 22	July 22
Do., extra	2c	Aug. 22	July 22
Union Gas	20c	Sept. 14	Aug. 14
United Corp. "A".	38c	Aug. 15	July 31
Upper Can. Mines	‡3c	Aug. 31	Aug. 15
United Fuel, A., p.	75c	Oct. 1	Sept. 20
Walker-Good.	$1	Sept. 15	Aug. 23
Do., pref.	25c	Sept. 15	Aug. 23
Weston, Geo., c. ..	20c	Oct. 1	Sept. 12
Wr. Hargreaves ..	†10c	Oct. 1	Aug. 22
Do., bonus	†5c	Oct. 1	Aug. 22
Wilsil	25c	Oct. 1	Sept. 14
York Knitting	10c	Aug. 15	Aug. 8
Do., 1st pref. ...	$3.50	Aug. 15	Aug. 8
Do., 2nd pref. ...	$3.50	Aug. 15	Aug. 8

†Payable in U. S. funds ‡Initial.
▪Subject to approval by Foreign Exchange Control Board.

DIVIDEND NOTICES

SYLVANITE GOLD MINES LIMITED

LIMITED

(No Personal Liability)

TO SHAREHOLDERS AND HOLDERS OF SHARE WARRANTS:

NOTICE OF DIVIDEND NO. 39

TAKE NOTICE that a regular quarterly Dividend of 5% (i.e., five cents per share) on the outstanding Capital Stock of the Company, payable in United States funds, has been declared as Dividend No. 39.

Such Dividend will be payable September 30th, 1940, to Shareholders of record at the close of business August 17th, 1940.

In the case of Share Warrants such Dividend will be payable on or after September 30th, 1940, in respect of the shares specified therein, upon presentation and delivery of Coupon No. 39 at:

The Canadian Bank of Commerce, Toronto, or any Branch of said Bank in Canada (Yukon Territory excepted) at the Bank's current buying rate for United States funds on the date the coupon is cashed, without deduction for collection charges: or, Liberty Bank of Buffalo, Buffalo, N.Y.

By Order of the Board,
W. S. WALTON, Secretary.
TORONTO, August 8th, 1940.

Canadian Tube & Steel Products Limited

A dividend of ONE DOLLAR ($1.00) per share on the 7% Cumulative Preferred Stock of Canadian Tube & Steel Products Limited has been declared payable on the 16th day of September, 1940, to Shareholders of record at the close of business on the 9th day of September, 1940.

P. B. NASH,
Secretary.
Montreal, August 5th, 1940.

DIVIDEND NOTICE

Canada Malting Co., Limited

NOTICE is hereby given that a quarterly dividend of Fifty Cents (50c) per share has been declared on the no par value stock of the Company. The above dividend is payable September 14th, 1940, to Shareholders of record at the close of business on the 31st day of August, 1940. The books of the Company are to be closed from September 1st, 1940, to September 13th, 1940, inclusive.

Share Warrant Holders will present Coupon Serial No. 51 to the Royal Bank of Canada, MONTREAL, TORONTO, WINNIPEG, and CALGARY, on or after September 14th, 1940.

By order of the Board,
JOHN P. HEIGHTON,
Secretary.
Dated at Montreal,
August 7th, 1940.

CAN. GEN. INV.
CAN. IND. B.
TRUSTS & GUARANTEE
A. J. Pattison, Jr. & Co.
Royal Bank Bldg., Toronto
EL. 5101

Authorities Cracking Down On Chain Letter Schemes

All over Canada "chain letters" urging purchase of war savings stamps are circulating.

The person receiving such a letter is told to send war savings stamps to each of four persons, starting that many new branches of the chain. If he fulfills all the conditions he will ultimately receive over $60 in war savings stamps without additional cost to himself, he is told.

Authorities at Ottawa assure The Financial Post that these chain letter schemes are entirely unofficial; that they are frowned upon because they are illegal under the postal law; and are capable of being used by individuals making a pretence of working for the public good. Citizens are urged not to extend the chains coming to their attention but to turn the letters over to postal authorities.

Already Ottawa has broken about 40 such chains by extracting letters from the mail.

Use of Mails Barred

Better business bureaus in Toronto, Montreal and Ottawa have received numerous enquiries and complaints about the letters, and have consulted postal and other authorities with a view to halting the schemes. They have been advised by postal officials at Ottawa that the department does not sanction the use of the mails for circulation of the letters, though it is appreciated that sponsors are "possibly motivated by patriotic impulses."

It is pointed out that chain letters offer opportunities for fraud, and that "invariably the chain is broken and complaints subsequently received from persons who receive no return."

Pacific Mills Net is Higher

Crown Zellerbach Subsidiary in B. C. at Capacity

From Our Own Correspondent

VANCOUVER. — Production at Pacific Mills, Ltd., Canadian subsidiary of Crown Zellerbach Corp., pulp and paper manufacturers operating plants at Vancouver and Ocean Falls, B.C., was increased 65% last year over the low output of 1938, and during the past 12 months the mills have been operating at capacity, according to President A. B. Martin's annual report.

The company reports net profits of $1.2 million for the fiscal year ended April 30, after deducting $622,230 for depreciation and depletion.

Earnings for the previous year amounted to $497,574 after making similar deductions.

Net profit for the year represented a return of 6.95% on the equity of shareholders compared with 2.9% for the previous year and 4.82% for the year ended April 30, 1938.

DIVIDEND NOTICES

The Bank of Toronto

Dividend No. 236

Notice is hereby given that a Dividend of Two and One-half per cent upon the Paid-up Capital Stock of this Bank has been declared for the current quarter, and the same will be payable at the Bank and its branches on and after the Third day of September next to shareholders of record on August fifteenth, 1940.

By Order of the Board.
F. H. MARSH,
General Manager.

Banque Canadienne Nationale

Quarterly Dividend

NOTICE is hereby given that a dividend of two per cent (2%) (being at the rate of 8% per annum) has been declared by the Directors of the Banque Canadienne Nationale on the paid-up capital stock of the Bank for the quarter ending on the 31st day of August, 1940. This dividend, bearing the number 198, will be payable at the Main office or at the branches of the Bank, on or after the first day of September, 1940, to the shareholders of record on August 15th.

By order of the Board,
CHARLES ST-PIERRE,
General Manager.

ANGLO-CANADIAN TELEPHONE COMPANY

CLASS A DIVIDEND NOTICE

NOTICE is hereby given that a dividend of one and one-half per cent (1½%) has been declared on the Class A Stock of the Company, payable September 3, 1940, to Stockholders of record at the close of business on August 15, 1940.

By Order of the Board.
GEOFFREY PURDY,
Secretary.
Montreal, August 9, 1940.

THE BANK OF NOVA SCOTIA

DIVIDEND No. 283

Notice is hereby given that a Dividend of three per cent on the paid-up Capital Stock of this Bank has been declared for the current quarter to shareholders of record of September 14th, and that the same will be payable on and after Tuesday, the first day of October next, at any of the offices of the Bank in Canada.

By order of the Board.
H. F. PATTERSON,
General Manager.
Halifax, N.S., August 13th, 1940.

SISCOE GOLD MINES LIMITED

NOTICE OF DIVIDEND NO. 34

Notice is hereby given that a Dividend of Three Cents (3c) per share on the issued Capital Stock of Siscoe Gold Mines Limited has been declared payable on September 16th, 1940, to shareholders of record at the close of business on the 16th day of August, 1940.

By order of the Board
H. E. GREEN,
Secretary-Treasurer.
Montreal, August 9th, 1940.

CANADIAN PACIFIC RAILWAY COMPANY

DIVIDEND NOTICE

At a meeting of the Board of Directors held today, an interim dividend of two per cent on the Preference Stock in respect of the year 1940, was declared, payable, subject to the approval of the Foreign Exchange Control Board, on October 1, 1940, to Shareholders of record at three p.m. on September 2, 1940.

By order of the Board,
FREDERICK BRAMLEY,
Secretary.
Montreal, August 12, 1940.

Commodities

Recent trading in principal commodities continues to lack very definite trends or decisive features. For the most part quotations have held somewhat above last year's level, but price movements have been narrow and slightly off in some cases. Cattle, hogs and copper show most noticeable declines, while other prices are negligibly down or steady.

COMMODITY PRICES

	Latest week	Previous week	Same week last yr.
Cattle	$8.75	$9.00	$6.65
Hogs	8.75	9.25	8.60
Copper, lb.	.10⅞	.11½	.10½
Cotton, lb.	.0987	.1016	.0933
Rubber, lb.	.1957	.1987	.1658
Sugar, raw, lb. ..	.0265	.0263	.0280
Silk, lb.	2.53	2.53½	2.66½
Wheat, Man. (bu.)	.72	.71⅞	.51⅞
Coffee, lb.	.05⅛	.05⅛	.05⅛
Hides	.10	.10½	.11½
Weekly Indices			
Canada (D.B.S.) ...	82.1	82.0	72.3
Do., Wood, Gundy	63.6	64.1	53.9
U. S. Labor	77.3	77.6	74.8
Dow Jones (future)	50.53	50.74	47.11
Fishers'	81.0	81.2	78.1
Monthly Indices			
Canada (D.B.S.):			
Retail (June)	86.0	86.0	82.9
W'sale (June) ...	81.6	82.1	73.3
U. S. (May)	78.4	78.6	76.2
Gt. Brit. (Mar.)	129.4	128.5	96.6

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. Silk—Crack db., 13-15 New York. Sugar — 96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides — No. 1 packer light.

Sand River Trust Deed Change Is Approved

Sand River Gold Mining Co. has obtained consent of over 75% of holders of its 5% notes to modification of the trust indenture. Outstanding balance of $180,000 of these notes falls due Aug. 25, but under the new agreement 40% only of the principal, plus interest, is to be paid at that time. Of the remainder, 20% is to be paid Feb. 25, 1941, and the balance at a later date.

Recent production figures follow:

1940:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
July	2,513	81	12.73	31,985
June	2,699	90	11.71	31,616

Seagrams Redeems Block of Preferred

From Our Own Correspondent

MONTREAL. — Distillers Corp.-Seagrams Ltd. advise Montreal Stock Exchange that during July it purchased for retirement and cancellation on account of sinking fund 1,850 shares of the company's 5% cumulative preferred stock. As at the end of last month there were 160,345 preferred shares outstanding.

Cub Aircraft Redeems Outstanding Preferred

Toronto Stock Exchange has been advised Cub Aircraft Corp. Ltd. has redeemed its 95 shares of 6% preferred stock at $25 par value. The stock was redeemable at $27.50 a share. This leaves total issued capital of the company at 128,511 common shares.

DIVIDEND NOTICE

McKENZIE RED LAKE GOLD MINES LIMITED

(No Personal Liability)

DIVIDEND NO. 15

Notice is hereby given that a quarterly dividend amounting to three cents per share for the third quarter of 1940, has been declared payable September 16th, 1940, to shareholders of record at the close of business September 2nd, 1940.

By order of the Board.
H. M. ANDERSON,
Secretary-Treasurer.
Toronto, Ontario, August 10th, 1940.

TRUST MANAGER

C. N. Bissett, formerly manager of the Charlottetown branch of the Eastern Trust Co., has been appointed manager of the Montreal office, succeeding W. E. Mowat, who has retired.

Begin License Wool Imports

Shortage Looms in Certain Types of Vital War Supply

From Our Own Correspondent

OTTAWA.—Licensing of wool imports as from August 3 has been undertaken by the Canadian wool administrator, David C. Dick, to complete the full wartime control of this vital material.

Export of wool has been subject to permit since last fall. With a shortage looming in certain types of wool, the purpose of wool control is to distribute supplies equitably, control spreads of price, prevent profiteering and to allocate supplies between military and civilian needs.

Crossbred wools, needed for the manufacture of heavy garments for winter work in the outdoors, have been taken up for heavy war demands until a shortage exists in Canada. The main source of crossbred wool is New Zealand, which is furnishing large orders for the United Kingdom.

The Australian wool industry, chief source of merino wool for Canada, has allotted its full clip of crossbred wool to the United Kingdom for the duration of the war. Canada's supplies have been further lessened by the restrictions on exports from the United Kingdom imposed by the British wool control board.

Canadian textile plants are delivering serge uniforms for the army at the rate of 3,000 a day, socks at the rate of 6,700 pairs a day. Latest figures from the munitions and supply department show that the weekly deliveries have reached 20,000 serge battle dress, 19,300 blankets, 12,000 great coats, 25,000 flannel shirts, 30,000 service shirts, 47,000 pairs of socks, and 75,000 pieces of cotton and woollen underwear.

Drastic Change in Supply

Behind the story of Ottawa's recent move to "license" all wool imports into this country is the fact that vast and far-reaching changes have taken place in "supply" factors since wool control was instituted in Canada early in the war.

At that time, prompt action was necessary to avoid very serious scarcity and price situations. Britain, it will be recalled, came to Canada's aid and diverted substantial quantities of wool at a favorable price for use in Canadian factories.

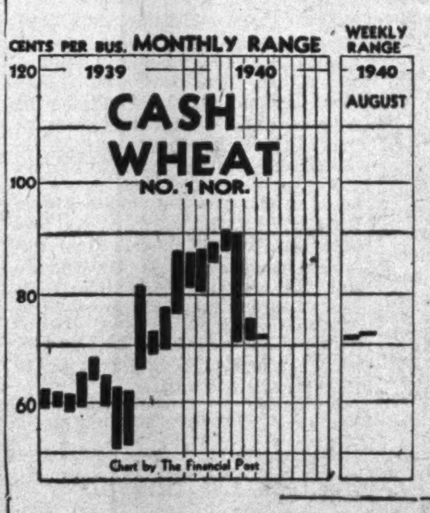
Of late, the situation has materially changed.

Substantial quantities of wool (estimated at more than 100 million pounds), have been "set adrift" on this continent because of the collapse of France. This wool comes from South America. Some of it, indeed, may be of enemy origin or at least the wool intended for enemy consumption.

In any event it has been finding its way to American ports at prices substantially below those prevailing in Canada.

In fairness to the British control which came to Canada's rescue earlier in the war, it was felt wise that Canada should not permit indiscriminate dumping of this wool in this country. Accordingly, a licensing system has been set up which will attempt to regulate imports and prevent demoralization of the market.

Wheat Prices



Cash Quotations

	For Week Aug. 13 High	For Week Aug. 13 Low	Prev. Week High	Prev. Week Low
Wheat:				
1 Hard .	.72	.71⅞	.71⅞	.71¾
1 Nor. ..	.72	.71⅞	.71⅞	.71¾
2 Nor. ..	.69¼	.69⅛	.69⅛	.68⅞
3 Nor. ..	.65⅜	.65⅛	.64⅞	.64⅜
4 Nor. ..	.61⅛	.60⅞	.60⅝	.50⅛
5 Wheat .	.58⅛	.58⅛	.58⅛	.58⅛
6 Wheat .	.56⅝	.56⅝	.56⅝	.56⅝
Feed	.52⅝	.52⅛	.52⅝	.52⅝
Oats:				
2 C. W. .	.31⅜	.29¼	.30⅜	.30
3 C. W. .	.28⅜	.28	.28⅜	.27½
Barley:				
1 Feed ..	.32⅞	.31¼	.32⅜	.32⅜
2 Feed ..	.32⅜	.30⅜	.32⅛	.31⅞
Flax:				
1 C. W. .	1.31½	1.30¾	1.31	1.30
2 C. W. .	1.27	1.26¾	1.27	1.26
Rye:				
2 C. W. .	.42⅝	.41¾	.44¾	.42

Winnipeg Grain Futures

Week to Aug. 13, 1940

Crop year from Aug. 1, 1939 High	Crop year from Aug. 1, 1939 Low		Open Aug. 7	High for week	Low for week	Close Aug. 13	Close year ago
		Wheat					
.95⅝	.63⅝	Oct.	.73⅜	.73⅝	.73⅜	.73⅝	.50¾
.79⅜	.74⅝	Dec.	.74⅛	.74⅝	.74⅜	.74⅜	.52⅛
		Oats					
.38⅛	.26¼	Oct.	.29½	.30⅜	.28½	.28¾	.27⅛
.29¼	.25⅞	Dec.	.27⅝	.28⅛	.26⅝	.26⅝	.26½
.30	.27⅝	May	.30	.30	.27⅝	.27⅝	.27¾
		Barley					
.52	.32⅜	Oct.	.33⅞	.34⅝	.32⅝	.32½	.33⅝
.38½	.33¾	Dec.	.34	.34¼	.32	.32¼	.33
		Flax					
2.36½	1.29	Oct.	1.33	1.34½	1.32¾	1.33	1.27
		Rye					
.77½	.39⅝	Oct.	.43⅜	.44½	.43	.43⅜	.38½
.48⅝	.39⅝	Dec.	.44⅝	.44⅝	.43⅝	.44⅝	.37⅝

Week in Wheat

Rise in Crop Estimates Leaves West Unmoved

Lack of Markets for Grain Surplus and Acute Storage Problem Prevent Satisfaction

Normally Caused by Larger Harvest Prospects

From Our Own Correspondent

WINNIPEG.—If western Canada knew where to sell its grain it would be far more gratified than it is over the great improvement in crop yield prospects which has developed in the past three weeks. Late July rains caused a greater degree of betterment than was earlier considered possible.

The weather has been hot enough lately to cause a good deal of damage under other conditions, but combined with fairly good moisture supplies, has merely served to bring a great deal of grain to satisfactory maturity. In Manitoba a considerable percentage of the crop is cut and threshing is proceeding at a daily increasing rate.

In Alberta, where the crop is on the whole much later, only a small amount of cutting has been done, and many fields will not be ready for the binder until near the end of the month. Frost is still a danger to be feared, but if it is not experienced, Alberta will probably produce a good deal more grain than last year.

In Saskatchewan some of the lighter crops in the fairly dry areas are cut or ready for cutting, but in areas where crops are heavier some days are yet required to complete ripening.

Until recently it was considered likely that the total outturn of the western wheat crop would fall well below 400 million bushels. Now the possibility of its reaching 450 million bushels is generally recognized.

Prices Static

Wheat prices continue at pegged levels, not only because of rules imposed by the Grain Exchange, at Government request, but also because wheat supplies in the hands of the Wheat Board are not offered below pegged levels. Business passing in the Winnipeg market continues to be very small. British needs have been satisfied for a considerable time ahead by the recent transaction for 100 million bushels concluded between the Canadian Wheat Board and the British Cereals Import Board.

Some of the futures then purchased are from time to time exchanged for wheat in eastern export positions, but that is the extent of transactions with Great Britain. Purchases of wheat by Canadian millers continue as a matter of course, but the total required in any one day is not large.

United States prices have fallen to new low levels, as it is revealed that the total wheat produced in that country is well ahead of domestic needs, so that in the absence of export outlets of any volume an increase in the carryover at the end of the current crop year is in prospect. Prices there are still higher than the Canadian level, but only by as much as would cover the exchange differential. Nominal prices in cents per bushel have been practically the same.

Australian reports indicate production of a very small crop, a fact of comparatively small importance in view of the large quantity of wheat Australia will have to carry forward into a new crop year. Reports for European sources continue to stress the fact that the wheat crop in most countries will be considerably below that of last year, but reliable estimates are impossible to obtain under war conditions.

• • •

Storage Shortage

Interesting as the price of wheat is at all times in western Canada it takes second place at present to the problem of getting the new crop into storage. Even with the 25 million bushels or so of new storage that elevator companies are building as annexes, there is not room for much more than 150 million bushels of new grain in country elevators.

When that space is filled up, new deliveries will only be possible as space is made available in terminal elevators by shipments down the lakes. That, in turn with the present congestion of eastern terminals, will depend upon the speed at which wheat is exported. If steps had not been taken by the Wheat Board, under powers granted by recently enacted amendments to Wheat Board Act, to ration deliveries to elevators, space would have been occupied by a limited number of farmers who first succeeded in getting their threshing done.

The Wheat Board has rationed deliveries under a system of licenses. Each farmer has to make a sworn declaration as to the number of acres seeded to wheat, oats, and barley. He is then given a permit to deliver five bushels per acre, and each delivery has to be recorded in his permit book.

• • •

Quotas Cause Complaint

Obviously every farmer, unless his crop is almost a failure, will have to keep a good deal of his grain on the farm until some outward movement of grain makes further deliveries possible. Before the system was announced, there was a fairly widespread demand for a quota system, but now that it has been established there is a great deal of dissatisfaction. A tendency has developed to blame the quota system, and not the elevator congestion, for the inconveniences experienced or anticipated.

One complaint made is that the system adopted is unduly hard on the small farmer who practises mixed farming and is accustomed to grow only a limited acreage for sale, in areas where crops give better than average yields. It is contended that his rival, the large grain farmer in the areas of smaller yields, gets an unfair advantage under the plan adopted. There will be agitation to allow all farmers to deliver up to one or two thousand bushels before any additional quotas are made available to the larger farmers.

On the other hand, the larger farmer, with big investments in machinery, and equipped for rapid harvesting and delivery, thinks that he is being unjustly penalized. The fact is, of course, that there is no quota system that can be satisfactory, as the man who is prevented under it from making deliveries is bound to feel a grievance. Even those farmers for whom space is actually kept available under the system will be more conscious of the prohibitions imposed than of the benefits received.

• • •

Farm Income Curtailed

Obviously the cash proceeds from five bushels of grain to the acre will not give farmers much money either to spend, or with which to pay debts or taxes. Ordinary sources of credit to farmers are in consequence drying up, and many farmers are finding difficulty in securing binder twine or fuel for harvest operations, or for taking care of other harvest expenses.

Country merchants are apprehensive about their ability to collect outstanding accounts, or to go on making sales, while rural municipalities are wondering how schools and other municipal services are to be kept up. There have been frequent requests during the past month for the Dominion Government to establish some method by which it will be possible for farmers to borrow money against farm stored grain.

Western business has been geared to rapid cashing in on the crop after delivery to elevators. The problems now presented, of keeping business going while grain has to remain on farms, are new in the experience of the West. However, until the quota system was announced, it appeared that the full extent of difficulties ahead had not been realized.

Now farmers, businessmen and municipal authorities are becoming seriously concerned. Premier Bracken of Manitoba called a representative conference from the three prairie provinces to meet in Winnipeg this week, and demands upon the Dominion Government for early action will be pressed vigorously.

• • •

Special Problems

In the meantime, various individuals and interests have sought to provide special solutions for their own problems. Some mortgage companies endeavored to arrange to have private storage built for them adjacent to country elevators, in which their proportion of grain might be delivered and stored. Larger farmers suggested similar arrangements on their own behalf, some of them volunteering to build the storage themselves, as a more attractive alternative than building granaries on their own farms.

In all such cases, however, it was found that any storage so built would constitute an elevator in the eyes of the law, and that grain put into it would come under the quota regulations the same as if a regular elevator had been employed.

The next problem will be to allocate railway cars to different elevators and to different districts, in order to carry out the theory of distributing as evenly as possible among farmers the benefit of existing space. There again, it will be impossible to devise a system which will give satisfaction, and against which apparent inequities cannot be charged.

• • •

Special Claims

Manitoba farmers will feel that they should be allowed access to the first space that becomes available in terminal elevators. For the advantage of their earlier harvest and easier access to market, they have, in their opinion, paid well in higher land prices and heavier taxation, as well as in willingness to accept lower per acre yields than in some areas farther west.

On the other hand, the more distant farmers with higher freight rates to pay, and especially those in Alberta who produce coarse grains for market, will feel that their situation demands special consideration.

Farmers whose grain grades tough or damp will feel that it should have the right of way in order to get it to terminal elevators where it can be protected against the risk of going out of condition. If special measures become necessary to forward such grain quickly, other farmers will feel that those who waited for grain to dry thoroughly before threshing are placed at an unfair disadvantage.

Although some claims for assistance have been made which may elsewhere seem extravagant, there will probably be general satisfaction if some fairly moderate measure of assistance for farm financing can be developed. During the recently adjourned session of Parliament some demands for an increase in the Wheat Board initial price from a 70-cent to 90-cent basis were voiced.

Reports from widely separated areas in the West do not indicate that such demands had much backing. Similarly, while suggestions have been made that the Wheat Board should instantly make available the same initial payment on wheat on farms as if delivered and stored, a much more limited plan will give general satisfaction.

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Week in Mining

Stock Pirates Bring More Bad Publicity

New York Financial Magazine Adds Its Voice to Protests Against Cross-the-border Operations of Unethical Salesmen

The Canadian financial community is still getting bad publicity in the United States and authorities are still getting complaints about the stock-selling practices of some operators working from Canada.

The Financial World, New York investment magazine, announces in big headlines, "Phony stock floaters now nesting in Canada—High-pressure stock-jobbing tactics now concentrated in Toronto. A typical operation and what to do about it."

If the excuse that the stock market is dull and that attention is focused on Europe is being used to justify apparent official unconcern, the reasoning is utterly fallacious.

Canada never could—and now less than ever—afford to have its business reputation tarnished. Because of swelling industrial payrolls, both here and in United States, there is now more "sucker money" available, likely to be caught on the hook of the stock pirate.

If it is argued that the number of share-pushers now operating unethically from Canada is not great, surely all the more reason for dealing with them at once when officialdom has little other work to do.

Vast sums are being spent by the Canadian people to make this country attractive to United States citizens. Momentous industrial developments are now taking place to which U. S. capital can make a vital contribution. It is shortsighted in the extreme for officialdom to fail to take decisive action; to let grow the impression that it is indifferent to improper stock practices

* * *

Timely Trial

With purchases of U.S. coal a constant drain on Canada's very precious and limited supply of foreign exchange, and a shortage of hydro-electric power threatening, more than usual interest attaches to efforts being made to develop the lignite deposits of northern Ontario.

W. G. Nixon, Liberal member for Temiskaming and T. & N. O. industrial commissioner this week announced that some 1,000 tons of lignite have been stripped and are now ready for tests in the railway power plants.

Lignite production is a will-o'-the-wisp that has flitted across the Ontario landscape time after time in the past 10 years. Existence of lignite deposits, a substance between peat and soft coal, in the James Bay area has been recognized for many years. Indians named the location of outcrops Blacksmith Rapids, noting kinship between the material and the coal at a Hudson's Bay Company forge. The T. & N. O. Railway, on its extension to Moosonee, crosses what is at present the largest known deposit, 126 miles north of Cochrane.

* * *

"20 Years' Supply"

Extensive drilling and some underground work have been done. On the basis of mining and processing 300,000 tons of raw lignite per year, there is an estimated 20 years supply in the whole area examined.

Conservation of foreign exchange, especially U.S. dollars, lends current significance to the lignite deposits. Every dollar now spent on imported coal that could be diverted to a domestic product would, in effect, be a dollar saved. The catch is the power quality of lignite, and the necessity for processing. Against an approximate 14,000 heat units per pound of steam or heating coal, lignite gives only some 5,000 per pound. Thus, the cost must be approximately one third to return equal value. Also, about 2 1/3 times as much lignite as coal must be shovelled to obtain the same results. Processing lignite by the Fleissner process is reported, however, to yield an excellent fuel.

Open pit mining costs on a 300,000 tons per year basis are estimated at about 88 cents per ton. Processing would be additional. Total costs have been estimated at between $3 and $3.50 per ton.

A determined and serious try-out is worth while and certainly timely.

* * *

1 Pound = 1 Horse

Robert C. Stanley of International Nickel in a letter to shareholders draws attention to the part played by nickel alloys in aircraft construction.

Nickel steels have produced successive reduction in the weight-power ratio to approximately one pound per horsepower produced. Valves, for example, contain approximately 14% nickel in the average motor of United States manufacture, but as much as 80% in Rolls-Royce engines. Aluminum alloys containing up to 2% nickel are used for pistons and cylinders, while pure nickel and manganese nickel are employed in ignition accessories.

Experimental work, Mr. Stanley reports, is being directed toward the use of special (18-8) stainless steel for complete aircraft structures. The strength-weight comparison is favorable, and definite progress is being made, he states.

* * *

Storing Uranium

Shipments of uranium ores from the United States are being received at Port Hope for storage, according to M. L. Pochon, head of the Eldorado Gold Mines Ltd. refinery at Port Hope, Ont. Facilities at Port Hope, he points out, are the only ones on the continent suitable for handling any considerable quantity of such material. Owners of the ore have accordingly made arrangements with Eldorado to provide facilities at their plant, and treat the ores as required.

Week in Oils

From Our Own Correspondent

CALGARY.—The long-held hope of "new Turner Valleys" in the Alberta Foothills seemed close to realization this week as two key drill-tests on "wildcat" structures gripped the attention of the western Canada oil industry.

Developments in recent days indicate that the 45 mile long Brazeau structure, 150 miles northwest of Calgary, may prove a new source of gasoline-laden natural gas, and that a drill-test of the Mill Creek structure, 100 miles south of Calgary, will probably reach the Madison limestone objective at any time with excellent possibilities of proving a new crude oil field.

* * *

Home Brazeau

Home Oil Brazeau well, in an isolated location some distance south of Rocky Mountain House, blew itself in Aug. 6 with a flow of "wet-gas"—heavy laden with natural gasoline of 50 to 55 gravity—estimated at some 9 million cu. ft. per day. The well was recently cased off to bottom at 8,713 ft. after faulting from the Kootenay to Blairmore formation. It blew in after gun-perforating of the casing between 8,500 and 8,550 ft. opened up the first of three gas zones revealed by an electro-log survey between 8,160 and 8,550 ft.

While reports from the field indicate heavy saturation, the exact gasoline content has yet to be determined. A separator has been sent to the location and a thorough test is to be made. Preliminary tests of the gasoline show it to be clear and sweet, which suggests absence of sulphur. Gravity is placed between 50 and 55 degrees API.

Following tests of the present horizon, the second of the three gas sands will be opened. The second sand is considered to have even better prospects than that now being produced.

* * *

Is It Commercial?

While the flow of "wet-gas" already obtained at the Brazeau well would probably be rated commercial for a Turner Valley gas-cap well, considerably larger production will be required to return profits from an 8,000 to 9,000 foot well in the isolated Brazeau field, about 150 miles northwest of Calgary. Whether or not what can be considered "commercial" production is obtained at the present well, there is no doubt that Home Oil Co. will consider the showings adequate justification for pressing further development of its large holdings in the Brazeau.

There seems reasonable belief that the Madison limestone, original objective at the Home Brazeau 1 well, will be found at reasonable depths elsewhere on the 45 mile structure, and that the "wet-gas" found in the Blairmore and Kootenay formations indicates, as it did in Turner Valley, that oil and gas will likely be found in the underlying Madison limestone.

* * *

Alliance Mill Creek

The Alliance No. 1 test, financed principally by the Anglo Canadian Oil Co. and Francis P. Byrne, has passed into the Fernie shale between 5,700 and 5,800 feet, and encountered the Poker Chip shale marker at approximately 5,900 ft. Monday, the rotary bit had reached 6,087 ft. While the thickness of the Fernies in the Mill Creek area has not been shown by previous drilling, the operators are now confident that the Madison limestone objective will follow in normal sequence.

Oil and gas showings already encountered provide every reason for hope that the Madison lime will be productive. The Alliance well was located by Geologist J. B. Webb on the theory that the Madison limestone was present in the Mill Creek anticline to the west of the Weymarn well.

The outlook for the Alliance test, even should the unexpected happen and the limestone not be reached, is regarded favorably. A 23 foot sand, showing excellent saturation of crude oil, was drilled through around 4,600 ft. in the Blairmore. This was followed by a lesser show of oil at 4,770 ft. and gas shows at 5,150 and 5,250 ft. in the Lower Blairmore, and an oil showing in the Kootenay formation at 5,694 ft. The Dalhousie sand was reached at 5,587 ft., and also showed some evidence of oil. It is regarded as probable that production could be developed from the 23 foot sand, and this zone will probably be tested whether or not the Madison venture proves successful.

* * *

Regal Royalties

A new well will be under way in central Turner Valley about September. This will be located in lsd 14 24-19-3w5 (previously listed as location for National-Vulcan No. 1) and will be known as Regal Royalties Ltd. No. 1 This is a newly formed company with George Harris, managing director. National Petroleums Ltd. and Vulcan Oils Ltd., will retain a large interest in the project through purchase of royalties. Gas and water lines have already been laid in to the location in readiness for moving in the rotary rig owned by National Pete.

Nickel Profits Move Higher

Earns $1.17 Per Share This Year Compared With $1.15 Last

International Nickel earnings for six months ended June 30 were $18,060,293, United States currency, equal, after preferred dividends, to $1.17 per common share. This compares with $17,773,438, or $1.15 per share, in the corresponding period in 1939.

Net operating profit increased from $26,548,392 in the first six months of 1939 to $32,415,991 in 1940, but this improvement was offset principally by an increase in provision for income and franchise taxes from $4,437,245 to $9,246,823.

The company's statements are expressed in terms of United States currency, with items and transactions in Canadian and British currencies converted at the month-end control rates. Net result of all exchange adjustments for the June quarter was a credit of $36,077, which left a net debit balance at June 30 of $2,442,787. This amount is carried in suspense as a deduction from surplus.

Continuation of the upward trend is indicated by operating profit of $16,762,421 for the June quarter. This was an increase of $1,108,851 over the first three months of the year. While the improvement did not carry through to net profit, which was $8,240,179 in the second quarter against $9,820,114 in the first, the latter figures are not strictly comparable.

Tax provision in the three months ended June 30 ($5,614,821, against $3,632,002) includes additional taxes applicable to the first quarter due to new legislation. Provision for retirement system and other purposes was also up, from $459,845 to $1,208,747. This includes special reserves created to cover all outstanding accounts receivable and metal stocks in continental Europe.

Earned surplus, which amounted after exchange adjustments to $68,812,138 at Dec. 31, 1939, had increased to $71,365,604 after similar adjustment at June 30.

Working capital increased $2,588,095 over the amount shown at Dec. 31, 1939. Principal improvement was that shown by cash, time deposits and treasury bills. Inventories were up $1,188,305 at $31,884,450, while government securities at $497,808 (market value, $503,900) and accounts and notes receivable at $9,379,334 showed little change.

Profit and loss and surplus accounts for six months ended June 30, with comparative figures for the first six months of 1939, are as follows:

INCOME AND SURPLUS ACCOUNT
Six Months Ended June 30

	1940	1939
	$	$
Earns. from oper.	33,266,636	27,427,881
Less: Admin. & gen. exp.	850,645	879,489
Net oper. profit	32,415,991	26,548,392
Add: Other inc.	235,916	234,456
	32,651,907	26,782,848
Less: Depr. & depl.	3,676,199	3,681,254
Inc. & franch. taxes	9,246,823	4,437,245
Retire. system and misc.	1,668,592	890,911
Net profit	18,060,293	17,773,438
Less approp.:		
Pref. divds.	966,950	966,950
Com. divds.	14,578,169	14,578,169
Surp. for period	2,515,174	2,228,319
Add: Prev. surp.‡	71,293,217	72,259,896
Less: Exch. adj. in susp.	2,442,787	*300,037
Balance forward	71,365,604	74,788,272
Earns. per Sh. & Divd. Record:		
Com.: Earned	$1.17	$1.15
Paid	1.00	1.00
WORKING CAPITAL		
Current assets	90,268,749	85,728,966
Current liabilities	21,161,091	19,209,403
Working capital	69,107,658	66,519,563

‡ Before deducting exchange adjustment in consolidation in suspense.
* Credit.

Hoyle's Mill to be 400 Tons

Shareholders of Aug. 15 May Take Up New Shares

Hoyle Gold Mines Ltd. announce the new mill will have capacity of around 400 tons per day.

Funds are to be provided through sale of practically all remaining treasury stock, to realize a little over $200,000, plus a bank loan of $175,000. While the company is at present without funds and indebted for $16,000, it is stated proceeds from the sale of stock and the bank loan will be sufficient to bring the property into production.

Shareholders of record Aug. 15, may subscribe for two additional shares for each five shares then held, at 15 cents. Subscriptions, payable in full on or before Aug. 20, should be forwarded to the Trusts and Guarantee Co., Ltd., Toronto. Sale of shares has been underwritten by certain larger shareholders of the company.

Silversmith Mines To Double Output

From Our Own Correspondent

VANCOUVER. — Silversmith Mines, operating in the Nelson district, plans to double capacity of the mill to 250 tons daily.

The company has authorized sale of 200,000 shares at 50 cents in the state of Washington to finance expansion. The present concentrator will be dismantled when capacity is stepped up by installation of modern flotation equipment.

Officers of the company are: A. E. Owens, Seattle, president; J. R. Atkseon, Seattle, vice-president; B. C. Von Anderson, Seattle, secretary-treasurer.

Arthur Lakes has been appointed consulting engineer.

Shaft Near Completion

At Sturgeon River

Sturgeon River has practically completed shaft sinking to the 1,750-ft. objective. Three new levels are to be opened at approximate intervals of 165 ft. below the 1,250-ft. horizon. Production figures for July, with comparative final results for June, follow:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
			$	$
July	2,234	72	14.81	33,091
June	[illegible]	75	[illegible]	[illegible]

Expect Senator to Start Soon

But Few Details to be Worked Out With Arntfield

By GORDON M. GRANT
Staff Writer, The Financial Post

Plans have been drawn up which, it is expected, will allow Senator-Rouyn Ltd. to produce at about 300 tons daily starting Oct. 1, 1940, or as soon thereafter as the mine workings have been readied for delivery of ore. Some details have yet to be worked out, but it is expected to have negotiations completed this week.

Instead of building its own mill immediately, the company has been able to secure use of the Arntfield mill for a period of one year. This will allow Senator to reach production much earlier than would otherwise be the case; obviates the need for issuing as large a principal amount of bonds as was at first anticipated, and will probably give the company as low or lower costs than it could realize itself.

Under the proposed plan ore will be trucked from the Senator-Rouyn mine, a distance of approximately 12 miles, at a cost not expected to exceed 50 cents a ton. Broulan Porcupine Mines, for instance, trucks ore 14½ miles for 46 cents a ton.

Total Cost $4 Ton

Total cost of treatment of Senator-Rouyn ore in the Arntfield mill will be around $2 a ton, according to sources close to the company. Mining and operating costs are expected to run somewhere between $1.50 and $2.50 a ton so that overall operating costs may be as low as $4 a ton and will not likely exceed $5 a ton.

On the basis of the $4 cost figure and 300 tons of $10 ore treated daily, operating profits before write-offs and taxes, would run $54,000 monthly. With $5 costs, operating profits would be around $45,000 a month.

Dilution might possibly reduce mill heads from $10 to $9 a ton, but all high assays were cut to an ounce a ton in sampling so that the $10 figure may be realized in practice even with 10% dilution. Tailings loss is not expected to exceed 35 to 40 cents a ton.

When the original deal was completed March, 1939, there were only 880,000 shares of stock remaining in the treasury. However, Haras Corporation took a large underwriting and provided money for underground development. When war broke out, Haras did not take advantage of a war clause which would permit lapsing the contract.

Began in September

Last September the company secured a hoist and compressors from Ronda Gold Mines, along with other equipment which could be used in construction of a 300-ton mill, for which Haras Corporation lent 150,000 shares of stock to Senator free of charge.

Recent plans, formulated before the Arntfield mill was secured, called for erection of the company's own 300-ton mill. In this connection share holders' approval was secured last week for $400,000 of bonds and an increase in authorized capital from 3 to 3.5 million shares.

With the Arntfield plan in hand, however, capital requirements become much smaller. New plans call for only $150,000 of notes to provide funds for mine preparation and working capital. A loan of $200,000 is under negotiation that can be drawn on if needed. The increase in capitalization allows repayment of borrowed shares to Haras Corporation and of any shares that will go with the new financing.

The contract with Arntfield will allow Senator to do a large development programme. This is expected to give a much better idea of the most desirable size of mill. The following six months are expected to give ample time for erection of the company's own mill even if a larger than 300-ton unit should be considered desirable. Profits from shipment of ore to the Arntfield mill will be more than sufficient to cover the cost of any milling unit installed, it is believed.

Gets Modern Mill

The Arntfield mill is modern in every respect. Tailings have averaged consistently below .01 oz. a ton and milling cost is one of the lowest in Canada based on tonnage treated.

Last May ore reserves were estimated by the Senator-Rouyn consulting engineer to amount to at least 200,000 tons and possibly double that amount. Since the ore body was intersected in shaft sinking 300 ft. below the 500-ft. level, a considerable downward extension of ore with probably a quantity equal to that above the 500-ft. level is said indicated. Levels from 250 to 875 ft. are now available, following shaft sinking, and the company expects to push underground work rapidly.

Milling of ore at the Arntfield mill may be continued after the year called for under the proposal. From the Senator-Rouyn point of view, there is no need to allow anything for mill depreciation under the present arrangement. The low cost of treatment at the Arntfield, mill, and the saving of interest on money that would otherwise be invested in a mill, are important factors which offset the 50 cents a ton indicated charge for hauling ore to the Arntfield mill.

The Arntfield mill will now treat solely Senator ore. Its rated capacity is 400 tons and it has treated as high as 450 tons daily. Because Senator ore is somewhat harder than Arntfield this amount will be reduced considerably.

From the Arntfield point of view, the deal with Senator-Rouyn was desirable. The company has mined most of its developed ore and is faced with a period of about a year in which it will be necessary to intensively develop the mine at deeper levels. The arrangement completed will provide enough money to continue development on quite an extensive scale, officials state.

To Explore Surface

In addition to shaft sinking, a programme of surface exploration outlined by Dr. J. E. Gill some time ago will be carried out. Surface drilling is planned for a section south of the tracks where a previous drill hole gave a core width of 26 ft. with values running from $2 to $10 a ton.

Mining Concentrates

Bayonne Consolidated Mines, associated with Grull-Wihksne Gold Mines Ltd., produced $33,150 in July from milling of 1,539 tons of ore, an average recovery of $21.54 per ton. This is compared with June production of $35,300.

* * *

Broulan Porcupine July production was normal, it is stated, but since the company is publishing regular quarterly statements, actual figures for the month are not likely to be announced. In May and June, bullion recovery was stabilized at rather more than $101,000 per month.

* * *

Bidgood Kirkland production in July was up slightly, as compared with the preceding month's results.

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
			$	$
July	4,421	143	6.38	28,227
June	4,302	143	6.32	27,199

* * *

Cariboo Gold Quartz July production, with comparative figures for June, has been reported as follows:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
			$	$
July	9,398	303	15.80	148,456
June	9,093	303	14.21	129,196

* * *

Francoeur production is reported at a new high in the month of July. Comparison with June follows:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
			$	$
July	5,499	177	7.60	41,810
June	5,441	181	7.58	41,241

* * *

Golden Gate Mining Co. maintained stable production in July:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
			$	$
July	2,040	66	10.22	20,845
June	1,945	65	10.90	21,199

* * *

Island Mountain July production was higher as compared with the preceding month:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
			$	$
July	3,913	126	16.75	65,534
June	3,902	130	15.43	60,211

* * *

Jason Mines Limited has shipped two more gold bricks, valued at $39,900, representing production from July 12-30 inclusive. Tons milled during the period were 2,256, an average of 119 tons daily. Recovery was $17.68 per ton. With tailing loss at 36 cents, indicated mill heads were $18.04; however, some absorption was still taking place in the mill circuit, which would make actual mill heads somewhat higher. Production in the first part of August was averaging 124 tons per day, it was officially stated. The mine manager reported that development on the 4th level south drift yielded five rounds (25 to 30 ft. of drifting) averaging 3.4 oz. across 20 inches.

* * *

Kootenay Belle production for July is estimated at $44,000 from 3,172 tons of ore. This would bring output for the first seven months of 1940 to approximately $306,953 from 24,392 tons of ore, an average recovery of $12.56. In the corresponding period in 1939, production was $363,350 from 30,365 tons, an average of $11.97 per ton.

* * *

Kerr Lake Mines dividend of 5 cents per share U.S. funds, previously announced as payable Sept. 4, will be paid Aug. 29. J. B. McGee, treasurer, reports that this change has been made by the board of directors. The record date, Aug. 20, has not been altered.

* * *

Madsen Red Lake production in July was $129,965, including $20,213 recovered in a clean-up of the tube mill. Recovery, exclusive of the amount attributable to the clean-up, with comparative figures for June, was as follows:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
			$	$
July	11,440	369	9.59	109,752
June	11,912	397	8.46	100,752

* * *

Magnet Consolidated July production is estimated at $82,329 from 3,291 tons milled, for an average recovery of $25.01 per ton. While this shows some reduction from average recovery of $29.21 per ton in the three months ended June 30, operation of the cyanide unit which was put in use in the early part of the month would result in some gold being tied up in the mill circuit.

* * *

McKenzie Red Lake has declared its regular quarterly dividend of three cents per share, payable September 16 to shareholders of record September 2. Disbursements of $87,000 involved in the payment will bring the total amount distributed in dividends to $1,479,000.

* * *

Northern Empire production for July has been reported as follows, with comparative figures for June:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
			$	$
July	4,747	153	9.34	44,325
June	4,663	155	11.69	54,491

* * *

Paymaster Consolidated established a new high level of production for the second successive month. While figures so far available for July are preliminary only, final mint returns should not materially affect the showing:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
			$	$
July	17,681	570	8.64	152,700
June	17,267	576	8.49	147,169

* * *

Relief-Arlington Mines production for July, 1940, is reported at 950 oz. gold and 125 oz. silver. Tons milled were 2,632. Operating profit for the month, before depreciation, depletion or taxes, was approximately $5,466. On the same basis, operating profit for the seven months ended July 31, 1940, was $20,774, against $88,250 in the corresponding period in 1939.

* * *

Reno Gold Mines production for July, 1940, is estimated at $44,000, against the June figure of about $45,000. No tonnage figures are given. The company's fiscal year ended June 30, but the annual report has not yet been made available. The report for the year ended June 30, 1939, appeared in October of that year.

* * *

St. Anthony production in the quarter ended June 30 was lower than in the first three months of the current year. While tonnage increased, grade of ore treated was lower:

Quarter ended:	Tons milled	Tons daily	Recov. per ton	Total recov.
			$	$
June 30, 1940	14,859	163	7.24	107,615
Mar. 31, 1940	12,750	140	9.19	117,233

* * *

Siscoe Gold Mines has declared the regular quarterly dividend of 3 cents per share, payable Sept. 16 to shareholders of record Aug. 16. Total amount paid in dividends including this payment, will amount to $6,933,587. Total production from commencement of milling Jan. 4, 1929, to July 31 last was $18,990,491. Production for July, with comparative figures for June, was as follows:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
			$	$
July	19,382	625	7.60	147,304
June	19,875	663	7.60	150,964

* * *

Sylvanite has declared the regular quarterly dividend of 5 cents per share, payable in U.S. funds on Sept. 30, 1940, to shareholders of record Aug. 17. This payment, involving distribution of $164,975 on the basis of 3,229,500 shares outstanding, brings total disbursements by the company since the inception of dividends in 1931 to $5,807,123. This figure is exclusive of taxes and exchange involved in the 1933-34 and 1939-40 fiscal years.

* * *

Sheep Creek showed considerable increase in production for July, as shown below:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
			$	$
July	4,923	159	19.90	97,970
June	4,620	154	17.86	82,498

* * *

Silbak Premier operating profit for July is reported at $33,007, compared with an operating profit of $37,125 in June. Profit for July as shown above was retained from production of $115,946, tons milled being 14,618. This compares with bullion recovery of $115,339 and tons milled 14,027 in June. Estimated operating profit, before depreciation, depletion, etc. for seven months ended July 31, was $332,565.

Oro Plata Co. Plans Union

Would Have Mine, Oil, Iron, Pulp and Potash Properties

Mines, oil wells, iron, pulpwood and potash properties will be the well diversified interests of Transcontinental Resources, Ltd. if a proposal by Oro Plata Mining Corp. is accepted by shareholders at a special meeting called for Aug. 19.

The proposal is that Oro Plata merge with T. L. & B. Ltd. to form the new company. Purpose, Oro Plata's president, Arthur W. Carr States to be further diversification for that company which now has mining and oil properties, only.

Shareholders of Oro Plata would receive Transcontinental Resources Ltd. shares on a share-for-share basis, and the assets and undertaking of T. L. & B. Ltd. are to be acquired also for a share consideration. Transcontinental Resources Ltd. is incorporated under an Ontario charter, with authorized capitalization 4,000,000 no par value shares, of which 2,827,000 are to be issued.

Also authorized and to be issued are $600,000 of 5% five to 10-year convertible debentures, secured by a floating first charge on all investment holdings and other assets of the company. These debentures are to be convertible at the option of the holder at any time into common stock on the basis of 100 shares for each $100 par value of debentures.

Subject to ratification of the proposals by Oro Plata shareholders, the debentures have been sold firm to an underwriting group. Applications by registered Oro Plata shareholders, however, if received by the secretary-treasurer of that company on or before Aug. 31, 1940, will be entitled to preferential allotment of any unsold debentures. Proceeds from the sale are to be used to retire obligations assumed and to furnish working capital for the new company.

Principal assets to be acquired by Transcontinental Resources, with valuations based on current bid prices at June 18, 1940, or estimated earning power, are as follows: Macleod-Cockshutt, Coniaurum, La Luz, Manikuru Goldfields and other gold mining company shares, $301,296; 375,000 shares Steep Rock Iron Mines Ltd., $450,000; 30,000 shares and 30,000 debentures Transcontinental Timber Co. Ltd., $630,000; 58,919 shares and $49,550 notes Bonneville Ltd., $167,388; 750 preferred shares Brown Oil Corp. Ltd., $75,000; cash, $100,000; total valuation, $1,723,684.

Transcontinental Timber Co. Ltd., largest individual holding in the above list, owns over 800 square miles of land east and west of the Algoma Central Railway, north of Sault Ste. Marie, Ont. This is stated to constitute the most important privately held freehold pulpwood lands in Ontario. Bonneville Ltd. is engaged in extraction of potash and other valuable chemicals from extensive holdings on the Bonneville salt flats, in Utah. Manikuru Goldfields Ltd. has its placer property in British Guiana at the point of production, and the 600-ton La Luz mill in Nicaragua will be increased to 1,100 tons, it is stated.

Aluminum Co. Trade Figures Up Sharply

From Our Own Correspondent

MONTREAL.—Expansion in operations of the Aluminum Co. of Canada is indicated by the export trade figures.

For the four months ended April 30, 1940, exports for aluminum in an unmanufactured form totalled $11,149,375. This compares with $8,791,913 for the same period last year and over three times the 1938 total of $3,635,020.

Imports of bauxite ore for the first five months of this year were 1,586,997 cwt. compared with 871,233 cwt. for the same period last year.

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Profit Higher For Sherritt

Sales Return Lower But Attribute Improvement to Cut in Costs

Sherritt Gordon Mines, Ltd., realized a profit of $204,914 before write-offs in three months ended June 30. This was an increase of $6,355 over results for the preceding quarter. Improvement was shown despite somewhat lower return from metal sales and increased provision for taxes and may be attributed largely to a considerable reduction in costs.

Increased tonnage of ore was drawn from the east mine during the June quarter, resulting in somewhat higher production of gold and silver, E. L. Brown, general manager, states. In the west mine, a winze is being sunk from the 6th level as start of a development campaign to open the 7th and 8th levels. Later, the main shaft is to be deepened by raising from the 8th level.

Work on the north end of the property has been discontinued until next winter. In the meantime, all exploration is being concentrated on holdings in the Granville Lake area.

Comparative operating figures for the first and second quarters of 1940 follow:

SHERRITT GORDON MINES, LTD.
OPERATING STATEMENT
Three Months Ended

	June 30 1940	Mar. 31 1940
	$	$
Net ret., metal sales	886,525	895,927
Less: Dev., oper. & admin. exp.	675,577	695,796
Operating profit	210,948	200,131
Add: Non-oper. inc.	1,866	2,728
	212,814	202,859
Less: Provn. for taxes	7,900	4,300
Real. prof., before w/o	204,914	198,559
Tons milled	159,889	158,091
Tons per day	1,757	1,737
Capital expenditures	$27,000	$18,600

RecordForPerron During July

Perron Gold Mines production for July at $158,005 established a new record, and compares with $148,755 in June.

J. P. Norrie, general manager, states in a progress report that underground drilling has extended the 725,629 sub. and 912 veins. All stopes responded well, with the 730-2 stope producing 3,310 cars of ore assaying 0.49 oz. and the 830-1 stope 528 cars assaying 0.55 oz. Ore from the 32 vein was 31% of the total.

The company has declared the regular quarterly dividend of four cents per share and an extra of one cent, payable September 21 to shareholders of record August 31.

Production for July with comparative figures for June follow:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
			$	$
July	10,488	338	15.07	158,00
June	10,722	357	13.87	148,75

Strike Trouble Holds At Higher Level

Strike trouble in Canada continued during July at a higher level than last year, though extent of walkouts eased slightly in comparison with June of this year. Most of the time loss in July was due to strikes of salmon fishermen in B.C., rubber factory workers in Guelph, and coal miners in Nova Scotia. Feature of the record for July was that all but one of the disputes reported during the month were terminated before beginning of August.

Strikes in Canada

	July 1940	July 1939
No. of strikes	15	10
No. of strikers	7,191	4,420
*Time loss	18,612	12,443

* Man-working days.

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Boom Aids Building Suppliers

But Limited Range of Materials Used in Most Current Projects

By A. D. ELLWOOD
Investment Editor, The Financial Post

Significance of current building boom to erection and supply concerns, and to the investor varies considerably in different fields.

Construction takes in a wide range of materials. These are supplied by many companies and in a number of cases the individual company's interest in the construction business may be small. This makes difficult an accurate specification of what the investor stands to share.

Much of the work is done by private concerns, particularly in the actual contracting end of the industry. In regard to supplies, especially lumber, most of the product comes from private concerns. Canadian Western Lumber Co., operating in British Columbia, has a limited public interest in this country and a somewhat wider interest in Great Britain. This company is a leading lumber operator in the West.

The following review does not cover a complete list of the companies active in this industry. It does, however, refer to many of the leaders in which the public has investment interest.

Review of Companies

Anglin-Norcross Corp. is one of the larger companies in Canada engaged in a general contracting and building business. Earnings in recent years have not been large. The year ended Feb. 28, 1940, showed a net profit and surplus of only $4,972. A good financial position has been maintained. No dividends have been paid on the present 5% non-cumulative preferred since the present company was incorporated in 1931.

* * *

Brantford Roofing Co. makes many types of asphalt roll roofing, shingles and other building and insulating materials. Public investment interest in the company is somewhat limited. A reorganization was approved last December and exchange of securities has been completed since. Bondholders received in payment of the $26 of unpaid interest per $100 bond, a cash payment of $6.50 and a new 5% bond of $20. Interest rate on their bonds has been reduced from 6½% to 5%.

Volume of business this year has been excellent, according to company officials. An important portion of its business has been supplying roofing and other materials needed for the construction involved in Canada's war effort. Residential building is normally the section which finds the greatest use for the company's products.

* * *

Building Products Ltd. reports that upward trend of sales has continued for the first half of this year. High level of industrial, government and private construction activity has maintained a demand for the company's products. A new plant to service the building trade in western Canada should be ready for the final quarter of this year. The company makes over 50 types of roofing and other building products. In 1939 the company reported an all-time record in volume of sales and net profits, earning $1.01 a share on its new common. Regular dividends at the rate of 70 cents annually, with occasional extras, are being paid. Financial position is strong.

* * *

The Cooksville Co. is one of Canada's leading makers of different types of brick, building tile and related products. Four plants are operated in Ontario. Last year a profit of $20,000 remained after payment of interest and other charges which was transferred to depreciation reserve. Earning power of this company has been limited for a number of years although it has maintained a satisfactory financial position. An associated company, **The La Prairie Co.**, operates in Quebec.

* * *

Canada Cement Co. handles approximately four fifths of the total Canadian cement business. In the year ended Nov. 30, 1939, the company earned $7.35 a share on a 6½% preference stock compared with $5.60 a share in the preceding year. There was a balance of 28 cents a share available for the common last year against a deficit of 30 cents a share in 1938. Dividends of $5 a share were paid for the past year, leaving arrears of $33.50 a share at June 20, 1940.

Interest on the company's $13.5 millions of first mortage bonds has been earned by a good margin in recent years. Cement production for the first four months of 1940 showed an increase of 48.9% over the corresponding periods of 1939, indicating somewhat better scale of activity for the company.

* *

Disher Steel Construction Co. designs and erects all types of steel structures as well as making a variety of miscellaneous steel work, much of which goes into building and engineering. Both sales and profits for the first half of 1940 were above corresponding periods of recent years. Orders on hand ensure a good scale of operations for some time to come. Maintenance of recent earnings gives some hope that the company will reduce arrears on its class A which amounted to $9.75 a share at May 1 this year. Last year the company earned $1.06 a share on the class A against 9 cents a share in 1938. A dividend of $1 a share was paid out of 1939 earnings.

* * *

Dominion Bridge Co. is one of the largest organizations in Canada interested in structural steel of all types and, through subsidiaries, makes many types of industrial machinery. Business fell off rapidly at the outbreak of war but early this year it was said that the outlook had improved. Several substantial orders received during the latter part of 1939 did not have any effect on the results of the year ended Oct. 31 last.

The company earned 72 cents a share on its common last year compared with $1.04 a share in the preceding year. Regular dividends of $1.20 a share have been paid annually since Feb. 15, 1935. These have been maintained without difficulty because of the company's unusually strong financial position although not fully earned in each year. Plants are said to be suitable for the manufacture of munitions and certain types of heavy armament.

* * *

Canadian Bridge Co. is a subsidiary of Dominion Steel & Coal Corp. The subsidiary is engaged in manufacturing bridges, steel transmission towers and general steel construction work. Plants are at Windsor, Ont. It is said that this wholly owned subsidiary of Dosco has been somewhat more than paying its way. No direct investment business in Canadian Bridge Co. is available, investors being obliged to participate in its operations, if desired, through the parent company.

* * *

Dominion Tar and Chemical Co. operates in several divisions, some of which make important materials used in building and general construction work. In 1939 increased business was reported by practically all departments, a condition particularly noticeable during the second half of the year. The early months of 1940 showed a volume of business fully equal to that prevailing in the corresponding period a year earlier.

Last year the company earned $12.20 a share on its preferred stock and 90 cents on its common against $9.57 and 55 cents a share respectively in 1938. Regular dividends of 5½% have been paid on the preferred since the rate was reduced and arrears eliminated in May, 1937. Interest requirements on the outstanding $4.4 millions of debentures have been earned by a wide margin in recent years.

* * *

Eastern Steel Products has a wide line of materials which go into buildings of various kinds. In addition it has a number of industrial specialties such as door hardware, farm specialties and others. Following an increase in sales volume of more than 10% in the year ended Nov. 30, 1939, it is said that an increase of more than 50% over the corresponding period of the previous year was shown in the first half of the current year.

A year ago the company redeemed all its outstanding 7% preference stock, replacing it with a 5% issue. Net result of the conversion was a saving of about $5,000 annually. In the year ended Nov. 30, 1939, the company earned $4.63 a share on its preferred shares and $1.13 on the common. Dividends of $1 a share has been paid in each of the past three years on the common.

* * *

The Foundation Co. of Canada is one of the few opportunities which investors have of participating directly in the construction end of the industry. The company operates in three principal divisions: Building, engineering and marine. The marine business has been exceptionally active since the outbreak of war.

In the year ended April 30, 1940, the company earned $1.52 a share on its common compared with a deficit of 98 cents a share in the preceding period. A dividend of 25 cents a share was paid on July 20 last, first payment since 50 cents a share was paid on June 30, 1938. Some of the company's equipment has been written down to the maximum allowed, a fact which may benefit shareholders in coming years.

* * *

Gypsum, Lime and Alabastine, Canada, Ltd., makes a wide range of gypsum plasters, insulating, structural and acoustic materials, and lime, wallboard and alabastine and stucco products. Substantially higher profits are expected for the year ending Nov. 30, 1940, based on results for the first half of this year. Gains have been shown to date in all lines made by the company.

The building materials division is well above the corresponding period of last year and in the lime division both production and sales are ranging well ahead.

In the year ended Nov. 30, 1939, the company earned 38 cents a share on its common compared with 17 cents the preceding year. No dividends have been paid since Oct. 1, 1931, while progress is being made in catching up on arrears of sinking fund on the first mortgage bonds. High rate of activity in the pulp and paper industry, as well as mining, means good business for the lime division of the company.

* * *

Hamilton Bridge Co. makes various types of steel structures with plants at Hamilton, Ont., and Vancouver, B.C. Business in the early months of 1940 has been substantially above the preceding period. A deficit of $82,744 was carried on the balance sheet at the end of 1939 but this was wiped out from earnings in the first quarter of this year. Dollar amount of sales in the first three months of 1940 were $586,148 against $88,449 while orders on the books at the first of April amounted to 5,750 tons compared with 465 tons a year earlier.

A reorganization of the company was completed in 1939 with a new issue of common stock replacing the previous preferred and old common shares. The balance sheet shows the effect of writing down assets to approximate current values.

* * *

Sarnia Bridge Co. operates a structural steel plant a Sarnia, Ont. One of the smaller companies in the business, earning power has not been large in recent years. In 1939 the company reported 29 cents a share earned on the class A stock compared with 77 cents in 1938. No dividends have been paid on either stock since 1931 and arrears on the class A were $18 a share at the first of this year.

* * *

Standard Steel Construction Co. is a subsidiary of United Steel Corp. Authority has been given the parent company to issue new bonds to purchase the minority public interest in Standard Steel Construction but so far none of the bonds have been issued. Net profit of Standard Steel amounted to $9.20 a share on its preferred stock in 1939, same amount as was earned in 1938.

Dividends on the preferred are being paid at the regular $3 annual rate with final payment on arrears made on Oct. 1, 1938. Completion of the proposal to purchase the minority interest held by the public on behalf of United Steel Corp. would leave the parent company the only means of participating in Standard Steel business.

* * *

Standard Paving & Materials, through its subsidiaries, operates as paving contractors and supplies sand and gravel for all types of buildings throughout eastern Canada. A capital reorganization plan was made effective a year ago in July which eliminated dividend arrears on the former 7% preferred.

In the year ended March 31, 1940, the company earned 51 cents a share on its preferred which carried a 62½ cents cumulative dividend with an additional participation. The initial 31¼ cents dividend was paid on the new preferred April of this year, leaving a similar amount of arrears.

Contracts on hand at May 31 this year were ahead of a year ago with prospects for additional work. The company's subsidiary, Consolidated Sand and Gravel Ltd., had a net profit of $9,650 in the year ended March 31 last, compared with a net loss of $5,620 in the previous year. Dividend of $1.20 a share was declared on this subsidiary preferred stock payable in June, 1940, leaving arrears of $40.50 a share.

* * *

Western Steel Products Corp. make a varied line of steel products for use in industrial plants, farm buildings, road building and general construction work. Sales for the first six months of 1940 were 65% higher than the corresponding period of a year ago. Close to capacity operations prevail in nearly all departments. Net profit of $221,593, before taxes, was shown in the six months ended June 30 this year compared with a loss of $10,075 in the same period of 1939. Final results for this year, after providing for increased taxation, are not expected to show much increase over the $121,611 earned in 1939. This was equivalent to $1.20 a share on its common stock. No dividends have been paid on the common since the reorganization of 1937.

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Mining Enquiries

Coniaurum Mines

What appears to be the earning prospect of Coniaurum Mines? Is there any chance of higher dividend distributions?

Operating profits of Coniaurum Mines in the first half of 1940 have shown an increase of approximately 30%, after allowance for taxes, indicating that net profits this year may be considerably higher than last year when earnings were 16.4 cents a share with 16 cents paid out in dividends. Of course, the 30% increase in operating profits may not keep up for the full year as the company enjoyed the benefit of a $38.50 price for gold the latter part of last year.

Since the company does not find it feasible to estimate ore reserves outside of broken ore, it is rather difficult to size up the future production possibilities. However, the company has been able to develop all the ore required for milling over an extended period and even though ore exposures the last year have not been spectacular, it appears likely the ore position has been at least maintained. Drifting opened up more than twice as much ore in 1939 as in 1938.

Apparently the company has placed its stock on a dividend basis of 16 cents a share, payable quarterly. With present earnings this rate can be maintained with no difficulty. There appears to be a possibility of extra payments from time to time unless the company desires to build up its financial position still further.

Broulan Porcupine

Please give me a résumé of the present position of Broulan Porcupine Mines?

Based on results of operations in June, earnings of Broulan Porcupine Mines are running at approximately 25 cents per share, after all charges, except excess profits tax. It appears that the excess profits tax will work out at approximately 12% of profits realized, which would reduce earnings available for dividends to approximately 23 cents a share, per annum.

The company has now all the money required for completion of its mill and it is anticipated that dividends will be started within two months time, with perhaps 10 cents a share paid in the balance of this year, although no official statement is available on this point.

Use of the company's own mill is expected to result in a saving of $1 a ton in operating costs. This can be expected to affect operating earnings favorably the latter part of this year.

Ore reserves last March were sufficient to sustain milling operations at the current rate for five years. Since then it is reported that development to the south suggests reserves as high as one million tons, compared with the 543,000 tons reported for the end of March. Of course, if the higher figure is realized, average grade would probably be considerably lower. The company does not include in ore reserves, however, anything which cannot be treated at a profit. Possibly the enlarged ore outlook will influence the management to continue to use the 300-ton Mace mill even after the end of the present year. It is understood that the new mill under erection at the present time may treat as high as 400 tons daily although rated capacity is just 300 tons.

Ventures Ltd.

What is the reason for the decline in the price of shares of Ventures Ltd.? Does the company seem to be working into a better position?

The decline in the price of Ventures Ltd. appears to be primarily due to the depressed value of the company's portfolio of mining stocks, which reflects the general low level of mining stocks.

In the past nearly half the company's revenue has come from dividends of Falconbridge Nickel Mines. With dividends now deferred by this company, Ventures earning position has been materially decreased. However, Falconbridge is improving its position and it would not be surprising to see dividends resumed before the end of the year. Falconbridge officials may wish to conserve working capital still further, however, to allow construction of a refinery in Canada.

The decline in Ventures dividend income is not affecting the company as seriously as might be expected. Capital expenditures for the bringing of La Luz Mines into production are now over and exploration activity has been curtailed. While Hoyle Gold Mines is being brought into production at a 500-ton rate, companies associated with Ventures will be bearing a large part of the capital expenditures involved.

Prospects for Ventures over the next years appear much brighter than for the immediate future. The position of Falconbridge may be expected to show gradual improvement; La Luz Mines is likely to become an important source of income, and undertakings such as Hoyle may turn out to be important assets.

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Construction at High Level

(continued from page 9)

This applies even more to the official figures issued at Ottawa on the government war construction programme.

Especially in regard to industrial building, but in general for all war projects, the totals of contract volume and the gross was programme under way do not mean that this much extra business has flowed into the construction industry as a whole this year.

In some types of work the net value accruing to the industry and particularly building material concerns is a relatively small ratio of the total cost of projects. In other cases, the effect of large construction outlays is confined to special types of construction and producers of only one or two specific materials.

The disparity between gross figures on work in progress and actual value having a direct effect on the building industry is particularly marked in regard to industrial building. In the first place, there is a wide gap between the total of industrial contracts awarded to date and the Ottawa-announced volume of plant building for war purposes.

The MacLean Building Reports figure on industrial contracts awarded so far this year is given at $29.7 millions. A recent announcement by Hon. C. D. Howe, Minister of Munitions and Supply, said that war materials, plant construction "under way or completed to date" totalled $120 millions, and that outlay of an additional $10 millions had been decided on for immediate creation or extension of new plants. A further programme calling for $40 millions was stated to be planned, making a grand total of $170 millions of war plant construction completed, under way, decided on or contemplated.

It is possible the contract award figure is low because of the secrecy surroundiing the actual placement and location of some government-financed plant contracts, and their omission in compiling the totals. Even allowing for this, the discrepancy is pretty broad between contract awards and Mr. Howe's $120 millions total of projects completed or under way.

Advances Provided

Partial explanation seems to be inclusion in the Howe figure of financial advances to companies for plant expansion completed or started last year and commitments for projects not yet actually started or contracts awarded. These advances and commitments, on behalf of both the Canadian and British governments, probably account for a substantial proportion of the grand total. Another explanation may be that some contracts are awarded in sections as the work proceeds, instead of one contract for the whole project being given at the outset.

A comparatively small amount has been spent directly by the Government for factory building, and the great bulk of the Howe $120 millions total is undoubtedly for advances on plants already built, under way, or planned for early erection. Indicative of the gathering speed and widening scope of the Government's war effort, the cost of plant construction assumed up to end March totalled some $30 millions by arrangement with 30 companies; by the end of June, commitments had jumped to $110 millions, and by now some $130 millions business is indicated.

While some of the plants involved in the Government programme were started or even completed last year, bulk of the projects covered by the announced total will be completed this year or early in 1941. The projects currently under way consist chiefly of a $60 millions programme of munitions, explosives and chemicals units, and including plants or extensions costing anywhere from $1 million to $10 or $11 millions.

Total of work actually started this year should run to $100 millions, perhaps $150 millions if all planned items are started.

In appraising the effect of all these figures on the building and supply industry, it must be kept in mind that totals of both contract awards and projects planned cover cost of factory equipment and fittings, as well as construction of buildings. Depending on the size and nature of the plant being built, costs of construction proper usually do not run to more than 10 to 25% of the gross expenditure.

This means that the net volume of business for the construction industry out of the war plant programme and general industrial building has amounted to between $3 millions and $7.5 millions so far this year, and, on the basis of the Howe figures, will not run to more than $10-$25 millions for the whole year.

As for the effect of plant building on the manufacturing and supply field, the chief beneficiaries will probably be the makers of structural steel, reinforcing steel and steel window sash. Only limited quantities of cement (for foundations and floors) and of brick (for outer walls) are required for modern factory buildings.

Lumber usually does not figure largely in plant building.

Demand For Lumber

Lumber looms even larger as a base material, if not the chief material, in connection with the barracks, hangars, school buildings, administration structures, storage depots and other buildings for the air training plan. This also holds true of buildings for general defense and other war purposes.

Virtually all of the air training structures (apart from runways, hangar aprons, etc.) are being built of lumber. A few are finished in brick but mostly asphalt brick siding is being used. Some cement is, of course, being used for foundations, steps, walks, etc., but this accounts for a negligible proportion of the total outlay.

R.C.A.F. and air training projects account for $28 millions of the construction contracts awarded to date by the Department of Munitions and Supply and the predecessor War Supply Board. These are all direct contracts and do not include any advances to private companies as in the case of industrial building. The figure given does not include such work on air fields as has been carried out by the Department of Transport, as distinct from this type of work done by contract.

The contracts let for levelling, grading and paving have accounted for a relatively small proportion of outlays for development of air training centres. So it is probable that of the $28 millions of contracts announced, in the neighborhood of $20 millions, perhaps more, has gone for buildings and largely for lumber. Contracts are still being let for air training facilities in large volume and by the end of the year the total should amount to $50 or $60 millions for both buildings and air fields.

The contribution to Canada's increased construction total of the air fields and runways for the air training plan is more difficult to determine. Such projects fall under the "engineering" group in the contract award statistics, and are included in the sub-total for roads and streets. Engineering contract awards generally are up $21 millions in seven months over last year, about $12 millions of this coming from higher volume in roads and streets.

There is no breakdown to show how much of the "roads and streets" increase comes from contracts for air fields and how much from the rise in regular highway construction, especially in Quebec. However, all indications are that the work on air fields has accounted for a good proportion of the "roads and streets" increase.

The effects of this phase of war construction appear to be rather limited as far as the construction industry and supply companies are concerned. A great deal of the work is clearing, filling and grading, requiring little in the way of materials though a large amount of mechanical equipment. This is particularly true of the secondary and reserve aerodromes and the bombing ranges. While asphalt or concrete runways on some of the main aerodromes are equivalent in area to five miles of highway, the number of such air fields is limited and the requirements are not great for cement, asphalt, crushed stone, drainage tile, and other materials.

However, regular road building has been fairly active in Quebec and Ontario, though it is being cut off in the latter province with completion of current projects. It is in road building that the cement and asphalt companies find their greatest market.

B. C. Expects to Maintain Australian Paper Sales

From Our Own Correspondent

VANCOUVER. — Pacific coast newsprint exporters do not expect to suffer any net loss in sales to Australia as a result of the proposed new paper rationing programme in the Commonwealth.

Present indications are that Australia will reduce consumption of paper, under Government regulation, by 25 to 30%. This would be a severe reduction in British Columbia's shipments were it not for the fact that the United Kingdom, which normally supplies Australia with about 40% of its paper requirements, is unable to maintain its exports owing to wartime conditions.

British Columbia mills, which supply about one quarter of Canada's paper sales to Australia, expect to be compensated for any loss due to Australia's rationing by the increase in sales due to the United Kingdom's elimination.

Australia's newsprint mill in Tasmania will go into production some time in October, according to present plans. Powell River Co. and Pacific Mills, British Columbia pulp and paper companies, will supply this Australian plant with about 7,000 tons of pulp annually to use as a base for its own newsprint production.

Brokers' Loans in July Lower At Toronto

Members of the Toronto Stock Exchange had loans on collateral totalling $9.1 millions at the end of July this year. This compares with $9.9 millions in June and $15.8 millions at the end of July, 1939.

Decline in brokers' loans has been very marked this year, in line with the general decline in stock prices and lessened volume of trading.

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Diagnosis of Chronic Municipal Ills

What's the Real Trouble With Municipal Finance?

Eight factors bog down Canadian municipal finance, and their serious effects on the citizen and on the nation are increasing yearly.

This is the analysis of H. Carl Goldenberg in his special study of municipal finances made for the Rowell-Sirois Commission.

Summarized here and discussed in the accompanying article, those factors are:

1. Realty assessment declined in all but two provinces.
2. Properties exempted from realty tax increased.
3. "Tremendous" increase in tax arrears.
4. Cost of relief to municipalities increased almost three times.
5. Debenture debt of 36 representative large cities and urban areas increased 16%.
6. Economies effected on municipal roads indicates heavier costs for future.
7. Economies in education totalling 15% have serious result.
8. Costs of social services to municipalities increasing.

By HAROLD H. HILLIARD
Staff Writer, The Financial Post

The machinery of municipal government in Canada has been bogging down for the past decade. This is the finding of H. Carl Goldenberg, whose penetrating study of municipal finance supplements the Rowell-Sirois Commission's report.

The trend is dangerous. It is liable to become increasingly so. Main reason for it is the decline in municipal revenues and an increase in expenditures, as the accompanying table illustrates.

Public welfare costs have increased tremendously; also debt charges. Expenditures on highways, streets and education have been drastically cut, while some savings have been effected in general expenses and services such as fire and police.

Division of Current Municipal Expenditures

	1930 $000,000	1936 $000,000	Incr. or decr. %
General	22.5	22.4	—4.4
Firemen & police	34.0	32.1	—5.6
Highways, streets, etc.	43.1	33.7	—21.8
Education	119.1	103.0	—13.5
Public welfare	33.7	56.3	+67.0
Debt charges*	67.3	75.6	+12.3
Other	22.1	20.9	—5.4
Total	341.6	344.0	+0.7

*Excluding schools.

The situation has been brought about by a number of factors. These are summarized under the following eight heads.

Tax Revenues Decline

1. Realty taxes provide from 80% to 90% of municipal revenues in Canada, and returns from this source have declined. The trend is still downward, despite business improvement since 1933. Mr. Goldenberg finds two contributing reasons: Assessments lag behind changes in value; and, real property has not shared fully in the economic improvement of the past few years.

The decline in assessments has not been nearly so serious in eastern Canada as in the West, the study notes. There appears to have been a sharp rise and fall in Quebec and a rather unreal maintenance of assessed values in Saskatchewan.

The following table illustrates that assessed value of taxable real property declined from 1930 to 1936 in every case except in Prince Edward Island and in Nova Scotia cities and towns. Most marked decline was 18% for suburban Manitoba, while close behind were the Manitoba cities with a drop of 16%.

Best showing was made by Ontario cities, decline of which was only 2%. Figures for Saskatchewan do not give the correct picture, the report states: "It is clear that assessments as shown have not followed property values."

Assessed Value of Taxable Real Property
Base: 1930=100

	1930	1936
P. E. I.	100	110
N. S.: Cities & towns	100	*101
Other municip.	100	*92
Que.	100	87
Ont. Cities	100	98
Other municip.	100	97
Man. Cities	100	84
Suburban	100	82
Other	100	87
Sask.: Cities	100	*96
Other	100	*97
Alta.: Urban	100	86
Rural	100	87
B. C.: Cities	100	88
Districts	100	90

*1935.

Exemptions Increase

2. A marked increase has been noted since 1930 in properties exempted from realty taxes. Ratio of the value of exempted properties to the total assessed valuation varies in different provinces and in different municipalities.

The report includes figures only for three of the eastern provinces and one western municipality. The table following, compiled from these statistics, indicates the biggest increase in exemptions has been in the smaller municipalities of Quebec, while close behind are the smaller municipalities of Nova Scotia. Montreal's 25% increase in exemptions tops the list of three individual municipalities shown.

Increase in Tax Exempt Property

	1930 $000,000	1934-6 $000,000	% Incr.
Halifax	41.6	39.2	*5.7
Other N. S.	6.2	7.3	17.7
Que.:			
Cities & towns	580.0	634.0	9.3
Other municip.	88.0	104.0	18.2
Ont.: Cities	324.0	376.0	16.0
Other municip.	185.0	212.0	14.6

*Decrease.

	1926 $000,000	1936-7 $000,000	% Incr.
Montreal	254.7	318.7	25.1
Winnipeg	45.1	52.0	15.3

A number of municipalities, notably Halifax, Esquimalt, B.C., Moncton, Montreal and Vancouver have an abnormally high percentage of exempted property, due to the existence of much Dominion Government property. The following table illustrates the relation of Halifax to other eastern Canadian municipalities. While its exemptions figure has declined from 88% of total property in 1930 to 82% in 1935, other figures listed have all shown an increase.

% of Total Property Exempted

	1930 %	1934-6 %
Halifax	88	82
Other N. S.	7	8
Que.: Cities & towns	30	39
Other municip.	17	20
Ont.: Cities	20	24
Other municip.	16	19

Tax Arrears Increase

3. The Goldenberg report describes the increase in tax arrears since 1930 as "tremendous." It notes:

> "It is clear that the real tax base has been dwindling in the face of taxation which, whatever the cause, a number of property-owners have been unable or unwilling to pay. The mounting tax arrears have resulted in a considerable increase in tax-sale properties owned by the municipalities. Such properties have ceased to be tax-sources, and by the same token, taxation of other properties has to be increased if the same total revenue is to be obtained."

No figures are given to indicate the increase in tax arrears. But the following table shows the ratio of accumulated tax arrears in 1935 or 1936 to a year's tax levy or receipts. Rural municipalities of Saskatchewan show the poorest record, while the three Prairie Provinces in general are the hardest hit of any part of the Dominion.

Ratio of Accumulated Tax Arrears to One Year's Tax Levy or Receipts 1935-6

	Percentage
N. S.: Cities & towns	70
Other municip.	115
N. B.: Cities	65
Ont.: Cities	35
Other urban units	50
Rural municip.	60
Man.: Cities & suburbs	180
Rural municip.	215
Sask.: Urban	200
Rural municip.	340
Alta.: Cities	200
Towns	220
Rural	240
B. C.: Cities	125
Districts	160

Relief Burden Heavy

4. The burden of relief for Canadian municipalities tripled from 1931 to 1937, the figures being $8.8 millions and $23.5 millions, respectively. It is predominantly an urban problem, the chief exception being the drought areas in the Prairie Provinces. The larger cities, with about 30% of the country's population, contain 50% of the unemployed and incur nearly 70% of the total cost of relief.

This is true in every province, with some differences in degree as shown in the following table. Vancouver, for instance, with about 36% of the population of the province, pays only 39% of the total relief costs. In the case of Saint John, N.B., however, with only 12% of the province's population, about 35% to 40% of the relief costs are borne.

Concentration of Direct Relief in Urban Areas, by Provinces

	% of Costs of Direct Relief in Province	% of Pop. of Province
Halifax, Sydney, Glace Bay, Sydney Mines, North Sydney	63	23
Saint John	35-40	12
Montreal	65-70	28
Toronto	27-30	18
Ottawa, Hamilton, Windsor, London, Kitchener, Brantford, Oshawa, Niagara area	37	16
Winnipeg	60-65	31
Regina	15	6
Calgary & Edmonton	65	22
Vancouver	39	36

Debenture Debt Climbs

5. Debenture debt of municipalities has increased substantially during the past decade. Municipal debt of urban governments climbed during the early years of the depression as a result of capital expenditures for relief works. After 1934 the trend was reversed.

Character of net debt has changed in many cases. Borrowings for unemployment relief have replaced other debt which has been steadily reduced by sinking funds and serial bond repayments. Relief borrowings are usually subject to a higher rate of amortization than other loans, so total debt charges (including sinking fund payments) have increased since 1930 more than would be indicated by the debt figures. On the other hand, interest rates on the average are lower.

Total debt charges for all municipalities in Canada increased from $67 millions in 1930 to $76 millions in 1936.

Debt figures for 36 of the larger cities and other urban areas for 1937 as compared with 1930 are shown in the following table. They include funded and floating debt including schools, but excluding debt of public utilities.

Montreal heads the list with an increase of nearly 40% while Winnipeg is next with 30%. Average increase is almost 17%:

Funded and Floating Debt

	1930 (millions of $)	1937 (millions of $)	% Incr.
Montreal▴	241.8	336.9	39.3
Toronto	92.0	98.9	7.5
Vancouver	67.1	71.4	6.4
Winnipeg‡	†32.0	41.7	30.3
Windsor	27.3	*27.8	1.8
Hamilton	22.9	23.1	0.9
15 other units with increased debt	125.9	155.4	23.4
15 other units with decreased debt	143.9	122.4	14.9
Total	752.9	877.6	16.6

†Floating debt for 1930 not available; true net increase 1936-37 somewhat less than shown.
‡Including city's share of net funded debt of Greater Wpg. Water District.
*Exclusive of $5.3 millions of unpaid interest on debenture debt.
▴Including waterworks debt.

Highway Economies

6. "Road expenditures," the report states, "have been a favorite object for economies by municipalities during the depression. Current expenditures in most areas were reduced below the amount necessary to keep existing roads in proper repair. New construction virtually ceased except where there were large provincial subsidies or unemployment relief works."

So-called economies are, in effect, the reverse. In time of financial emergency, the report continues, the point is necessarily overlooked that the eventual repairs will be much more costly by reason of the delay.

The following table indicates the savings effected by municipalities in the various provinces since 1930. In all cases but Quebec the 1936 expenditures were less than in 1930, while three provinces were still spending less in 1936 than in 1933.

Current Municipal Expenditures on Highways, Streets and Bridges
Base: 1930=100

	1930	1933	1936
P. E. I.	100	97	90
N. S.	100	56	63
N. B.	100	82	70
Que.	100	85	108
Ont.	100	73	72
Man.	100	80	90
Sask.	100	40	52
Alta.	100	58	64
B. C.	100	53	64
All provinces	100	71	78

Reduce Education Costs

7. The impact of the depression with increased social service expenditure and decreased revenues has borne with special severity upon school budgets in many areas, the report declares. "Full effects of the foregoing," it warns, "may not be felt for some years." It describes the reduction in school funds in Saskatchewan as "shocking."

There is a distinct need, the report finds, to restore educational grants to the pre-1930 levels. This would be a serious drain upon the Prairie Provinces, particularly Saskatchewan, and would be felt to varying degrees by other municipalities throughout the Dominion.

The following table shows there was a reduction of nearly 15% in revenues provided for education from 1930 to 1935-6. Three provinces, Prince Edward Island, Nova Scotia and Quebec showed increases. Saskatchewan was hardest hit, with a reduction of almost 43%. Next was Manitoba with a cut of over 27%.

School Revenue*

	1930 $000	1935-6 $000	Decr. %
P. E. I.	439	465	†5.9
N. S.	3,469	3,690	†6.4
N. B.	3,068	2,650	13.6
Que.	19,081	20,140	†5.3
Ont.	47,364	40,483	14.1
Man.	9,108	6,624	27.3
Sask.	13,435	7,689	42.8
Alta.	10,449	8,922	14.6
B. C.	8,984	8,073	10.1
Total	115,397	98,736	14.4

†Increase.
*Including revenue from provincial grants and local taxation.

Social Services Needed

8. The burden of social services, such as public health, mothers' allowances, care of neglected and indigent children and hospitals grows heavier rather than lighter.

"Fortunately," the report notes, "there is a tendency for increasing participation by senior governments with respect to each type of social service. This is culminating in the complete exemption of municipalties in a growing number of cases." Mr. Goldenberg is of the opinion that further steps can be taken in this direction. He points out, for instance, that there seems "no reason" why the entire cost of the care of neglected and indigent children should not be assumed by the provinces.

Future Course

The Goldenberg study makes no attempt to plot the future course for municipal government. However, it does affirm there is justification for the feeling that realty taxation is too high, as this tax is based upon capital rather than income. It suggests that in any realignment of local government, partial exemption should be made in the case of unoccupied properties.

The comprehensive programme of reorganization is a responsibility of the provincial governments, the Rowell-Sirois Commission report declares. And, of course, it strongly recommends that no time be lost in investigating the whole question.

The Deficits Climb—Revenues Fall for Canadian Municipalities

	Revenues	Expenditures	Deficit
	In thousands of dollars		
1935	326.7	344.0	17.3
1933	334.0	343.2	9.2
1930	339.7	341.6	1.9
			Surplus
1922	261.6	257.9	3.7
1913	110.9	110.0	0.9

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Montreal Stock Sales Drop During July

From Our Own Correspondent

MONTREAL.—Value of transactions on the Montreal Stock Exchange and Montreal Curb Market during July totalled $3,812,737, a decrease of $2 millions from the previous month's total. The current figure compares with $7.8 millions in July, 1939, and is the lowest since compilations were started in 1932.

U.S. Transit Trips Still Permitted

Exchange Available For Pleasure Travel to Bermuda, West Indies, etc.

U.S. funds are still available to Canadians for travel through the United States, when required for pleasure trips to Bermuda, the Bahamas, the West Indies or other places in the "sterling area," The Financial Post is officially advised.

Originally the Foreign Exchange Control Board suspended sale of foreign exchange generally for purely pleasure trips, regardless of destination. This was later modified to exclude countries with a sterling currency basis, and to apply specifically to sale of exchange and export of Canadian funds for travel to U.S. points, or entirely within that country.

Recently complaints have been received in Canada, in particular from hotel officials in Bermuda, that the F.E.C.B. ruling would prevent Canadians from visiting the resort island next winter. The objection seems to have been based either on the original ruling or on assumption that the revised order still prevented Canadians from getting through the U.S. on the way to Bermuda.

The F.E.C.B. also continues to provide U.S. exchange for necessary trips for purposes of business, health, education, urgent personal affairs, international conventions, international commuters, and transit through the U.S. between points in Canada.

Power Corp. Group Output Steady

Associated Firms Report Output Off Slightly During June

From Our Own Correspondent

MONTREAL. — Power Corp. of Canada's controlled and affiliated companies report power output in June of 200 million kw.h. a decrease of just under 1% from the figure reported for the same month last year.

Cumulative returns for the first half of 1940 show aggregate power output of 1,295 million kw.h., an increase of 1.31% over the corresponding period of last year. All affiliates and subsidiaries, except Southern Canada Power, show heavier output for the current period.

Details of Returns

Comparative figures of production follow:

June (Kw.h. Output)

	1940	1939
South. Canada	19,172,960	21,287,980
Can. Northern	58,664,020	61,441,096
E. Kootenay	9,493,278	8,285,444
B. C. Power	44,858,513	44,100,329
North. B. C.	1,112,620	997,428
Winn. Electric	66,760,800	65,656,700
Total	200,062,191	201,768,977

Six Months Ended June 30 (Kw.h. Output)

	1940	1939
South. Canada	122,710,700	128,999,600
Can. Northern	379,454,555	369,382,971
E. Kootenay	50,420,482	45,720,778
B. C. Power	302,437,304	291,645,771
North. B. C.	6,149,952	5,766,040
Winn. Electric	433,395,100	438,266,600
Totals	1,294,568,093	1,277,781,760

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Fleury-Bissell Sales Higher

Consolidation of Operations at Elora Nears Completion

Sales of Fleury-Bissell Ltd. for the first eight months of the year ending October 31, 1940, have shown improvement over the previous corresponding period.

Sales have been made largely in eastern Canada as the market in the West, formerly a substantial outlet, has not been of much importance in recent years. Sales of grain grinders in the West this fall, however, are expected to be good. The company limits exports to the United States and represents only a small part of this total.

A new manure spreader, recently introduced, has met with a favorable reception and is expected to further sales. No business directly attributable to the war has been handled by the company to date.

Plant Busy

Current orders are keeping the plant at Elora fully occupied. Transfer of equipment from the Aurora plant has made necessary enlarged facilities at Elora. The new buildings are now largely completed. Various departments are being placed in operation as they are transferred but the full consolidation is not expected to be completed before the close of 1940.

The old plant at Aurora is being offered for sale. Substantial savings in cost are expected when the consolidation is complete.

Lower St. Lawrence Power Net Declines

From Our Own Correspondent

MONTREAL. — June operating revenues of Lower St. Lawrence Power Co. at $26,924 compare with $24,539 a year ago. Due to a sharp increase in provision for retirements, however, there was a net loss for the month of $10,409 which contrasts with the net income of $769 for June, 1939.

For the first half of the current year operating revenues total $165,823, up from $154,324 a year ago, while other income advanced from $5,753 to $8,641. However, the increase in retirement provision and in operating expenses and taxes, more than overcame the improvement in revenues, with the result that net income was down to $18,391, compared with $21,744 for the same period last year.

Advertising done now has an insurance angle

There is no intimation as yet that Canada's publications are to be restricted in size, as is the case in Great Britain. No one, however, can predict the future and should such restrictions be imposed, the products best remembered by consumer-buyers will be those advertised during the period prior to such emergency measures. Retail spending at present is on the rise in the Toronto area and the opportunity to assure future protection is easily apparent.

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Hydraulic Unit Set Up By Research Body

The National Research Council has recently provided in Ottawa facilities for hydraulic structures research. Hon. J. A. MacKinnon, chairman of the Committee of the Privy Council on Scientific and Industrial Research, which deals with matters of policy relating to the National Research Council, states that the laboratory has been set up on the recommendation and under the guidance of a committee composed of technical representatives from four Dominion Government departments.

This laboratory provides the engineering profession with a useful tool not hitherto available in Canada for the solution of many problems in hydraulic design. Like all of the facilities of the National Research Council, its facilities are available not only for investigations of national interest but also for the solution of those specific problems which arise in private industrial development.

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